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**VILLAGE OF LAKE VILLA  
LAKE COUNTY, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED APRIL 30, 2019**

**eder, casella & co.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Village of Lake Villa  
Lake Villa, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

Village of Lake Villa

as of and for the year ended April 30, 2019, and the related notes to the 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 from 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.

eder, casella & co.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Lake Villa as of April 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### Change in Accounting Principle

As described in Note 18 to the financial statements, the Village implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and GASB Statement No 85, Omnibus 2017. Our opinions are not modified with respect to this matter.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Village's basic financial statements. The supplemental information, as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 23, 2019

## SUPPLEMENTARY INFORMATION

## **VILLAGE OF LAKE VILLA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Village of Lake Villa (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2019.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the Village exceeded its liabilities at April 30, 2019 by \$34,868,204 (net position). Of this amount, \$7,436,910 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$445,924.
- At April 30, 2019, the Village's governmental funds reported combined ending fund balances of \$6,251,394, an increase of \$830,314 in comparison with the prior year. Of this total amount, \$2,200,279 is available for spending at the Village's discretion (unassigned fund balance).
- At April 30, 2019, the unassigned fund balance for the General Fund was \$2,200,279, or 46% of total General Fund expenditures.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position – Modified Cash Basis presents information on all of the Village's assets and liabilities arising from cash transactions, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities – Modified Cash Basis presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include General Government, Police, Public Works, Streets, Building and Grounds, Mansion, Celebration of Summer Fund, and Parks. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains seventeen individual governmental funds. Information is presented separately in the governmental fund Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis for the General Fund, Motor Fuel Tax Fund and GO Series 2019 Fund which are considered to be major funds. Data from the other fourteen funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Proprietary funds - The Village maintains one type of proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer operations and garbage payments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is considered to be a major fund of the Village and the garbage fund, which is a non-major fund. The major proprietary fund consists of the Water and Sewer Fund, Water and Sewer Capital Fund, and Water and Sewer Equipment Replacement Fund.

The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs.

The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 22 through 47 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Village's progress in meeting its obligation to provide as fully adequate as possible services to all of its residents.

The Village adopts an annual budget for all of its funds. A budgetary comparison statement has been provided for the General and Motor Fuel Tax Funds to demonstrate compliance with this budget.

The budgetary comparison statements can be found on pages 53 through 56 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$34,868,204 at April 30, 2019.

By far, the largest portion of the Village's net assets (71%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, land improvements, furniture and office equipment, vehicles and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Village of Lake Villa's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018
<b>Assets</b>						
Current and Other Assets	\$ 6,288,142	\$ 5,466,022	\$ 3,859,662	\$ 3,741,318	\$ 10,147,804	\$ 9,207,340
Capital Assets	9,792,693	9,677,644	21,912,048	22,112,483	31,704,741	31,790,127
<b>Total Assets</b>	<b>\$ 16,080,835</b>	<b>\$ 15,143,666</b>	<b>\$ 25,771,710</b>	<b>\$ 25,853,801</b>	<b>\$ 41,852,545</b>	<b>\$ 40,997,467</b>
<b>Liabilities</b>						
Long-Term Liabilities Outstanding	\$ 900,000	\$ -	\$ 6,020,287	\$ 6,469,556	\$ 6,920,287	\$ 6,469,556
Other Liabilities	36,748	44,942	27,306	60,689	64,054	105,631
<b>Total Liabilities</b>	<b>\$ 936,748</b>	<b>\$ 44,942</b>	<b>\$ 6,047,593</b>	<b>\$ 6,530,245</b>	<b>\$ 6,984,341</b>	<b>\$ 6,575,187</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 8,892,693	\$ 9,677,644	\$ 15,891,761	\$ 15,642,927	\$ 24,784,454	\$ 25,320,571
Restricted	2,646,840	1,359,522	-	-	2,646,840	1,359,522
Unrestricted	3,604,554	4,061,558	3,832,356	3,680,629	7,436,910	7,742,187
<b>Total Net Position</b>	<b>\$ 15,144,087</b>	<b>\$ 15,098,724</b>	<b>\$ 19,724,117</b>	<b>\$ 19,323,556</b>	<b>\$ 34,868,204</b>	<b>\$ 34,422,280</b>

An additional portion of the Village's net position (7.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$7,436,910) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2019, the Village is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The Village's net position increased by \$445,924 during the year ended April 30, 2019.



Village of Lake Villa's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018
Revenues						
Program Revenues						
Charges for Services	\$ 691,646	\$ 504,864	\$ 3,476,132	\$ 2,951,516	\$ 4,167,778	\$ 3,456,380
Operating Grants and Contributions	24,758	33,634	-	-	24,758	33,634
Capital Grants and Contributions	31,292	170,104	-	-	31,292	170,104
General Revenues						
Property Taxes	2,416,432	1,569,828	-	-	2,416,432	1,569,828
Sales Tax	845,710	796,768	-	-	845,710	796,768
Other Taxes	2,100,010	2,224,406	-	-	2,100,010	2,224,406
Unrestricted Investment Earnings	108,026	33,349	72,883	42,661	180,909	76,010
Gain/(Loss) on Asset Disposal	18,462	26,182	6,265	(27,778)	24,727	(1,596)
Other General Revenue	389,340	442,149	81,962	164,529	471,302	606,678
Total Revenues	<u>\$ 6,625,676</u>	<u>\$ 5,801,284</u>	<u>\$ 3,637,242</u>	<u>\$ 3,130,928</u>	<u>\$ 10,262,918</u>	<u>\$ 8,932,212</u>
Expenses						
General Government	\$ 1,772,774	\$ 1,839,014	\$ -	\$ -	\$ 1,772,774	\$ 1,839,014
Police	3,257,383	2,410,787	-	-	3,257,383	2,410,787
Public Works	82,543	118,016	-	-	82,543	118,016
Streets	1,342,483	673,063	-	-	1,342,483	673,063
Building and Grounds	145,729	267,927	-	-	145,729	267,927
Mansion	164,554	23,377	-	-	164,554	23,377
Celebration of Summer Fund	21,447	22,196	-	-	21,447	22,196
Garbage	-	-	542,758	-	542,758	-
Water and Sewer	-	-	2,487,323	2,451,671	2,487,323	2,451,671
Total Expenses	<u>\$ 6,786,913</u>	<u>\$ 5,354,380</u>	<u>\$ 3,030,081</u>	<u>\$ 2,451,671</u>	<u>\$ 9,816,994</u>	<u>\$ 7,806,051</u>
Increase/(Decrease) before Transfers	\$ (161,237)	\$ 446,904	\$ 607,161	\$ 679,257	\$ 445,924	\$ 1,126,161
Transfers	206,600	89,925	(206,600)	(193,514)	-	(103,589)
Increase/(Decrease) in Net Position	\$ 45,363	\$ 536,829	\$ 400,561	\$ 485,743	\$ 445,924	\$ 1,022,572
Net Position - Beginning of Year	15,098,724	14,561,895	19,323,556	19,267,470	34,422,280	33,829,365
Net Position Adjustment	-	-	-	(429,657)	-	(429,657)
Net Position - End of Year	<u>\$ 15,144,087</u>	<u>\$ 15,098,724</u>	<u>\$ 19,724,117</u>	<u>\$ 19,323,556</u>	<u>\$ 34,868,204</u>	<u>\$ 34,422,280</u>

**Governmental Activities** – Governmental activities increased the Village's net position by \$45,363.

**Business-Type Activities** – Business-type activities increased the Village's net position by \$400,561.

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At April 30, 2019, the Village's governmental funds reported combined ending fund balances of \$6,251,394, an increase of \$830,314 in comparison with the prior year. Of this total amount, \$2,200,279 constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

### *General Fund*

The General Fund is the chief operating fund of the Village. The focus of the Village's General Fund is to provide information on the revenues and expenditures of the funds that the Village receives from its

general tax levies and from other unrestricted sources such as personal property replacement tax, grants, interest on bank deposits, and associated expenditures.

At April 30, 2019, unassigned fund balance of the General Fund was \$2,200,279 while total fund balance was \$2,232,799, an increase of \$117,825 in comparison with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46% of total General Fund expenditures, while total fund balance represents 48% of that same amount.

#### *Motor Fuel Tax Fund*

The net change in fund balance was a decrease of \$319,235 resulting in an ending fund balance of \$476,515. This change was mainly due to a large repaving project with a cost of \$563,151.

#### *General Obligation Note Series 2019 Fund*

The General Obligation Note Series 2019 Fund was created in fiscal year 2019 with the passage of Ordinance No. 2019-03-06. The purpose of this bond and fund is to pay the costs of streetscape improvements and land acquisition for municipal parking for the Village and for the payment of the expenses incident thereto, providing security for the payment of the note and authorizing the sale of the note to State Bank of The Lakes, Antioch, Illinois. The main activity within this fund in fiscal year 2019 was the proceeds from the issuance of the \$900,000 note.

**Proprietary funds** - The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at April 30, 2019 amounted to \$3,822,138. The total increase in net position for the Water and Sewer Fund was \$390,343 which is the excess of revenues over expenses for providing water and sewer services.

The Village established a new Garbage fund in fiscal year 2019. The Village negotiated an extension of the Waste Management contract that added services of branch collection and leaf vacuuming. The Village now bills customers for Waste Management service on their water & sewer bills at a reduction of \$.70 per household per month. Waste Management bills the Village monthly for service provided. The Garbage fund has \$10,218 excess revenues over expenses in fiscal year 2019.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village did not amend its budget for the fiscal year ended April 30, 2019; therefore, the amounts shown as original and final budget are the same.

Significant differences between the budget and actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$1,091,625 (favorable) due primarily to the Village not budgeting for the Police Pension Property tax levy revenue which totaled \$824,793. Other increases include \$94,314 more of Building permits and \$48,359 more in investment interest received when compared to the budget.
- The difference between the estimated expenditures and the actual expenditures was \$746,461 (unfavorable) and was again primarily attributable to the Village not budgeting for the Police Pension contribution based on the amounts received from the Police Pension property tax levy of \$824,793.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** – The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2019 amounts to \$31,704,741 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, furniture and office equipment, vehicles and equipment, and infrastructure. The total decrease in the Village's investment in capital assets for the current fiscal year was less than 1%.

Major capital asset events during the year ended April 30, 2019 included the following:

### Governmental Activities:

- 2018 Ford Utility Truck - \$42,997
- Paving Drive and Lot for Lehmann Park - \$109,749
- Heavy Construction Equipment - \$202,916

### Business-Type Activities:

- Lift Station pump replacement - \$24,505

Village of Lake Villa's Capital Assets (net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018
Land	\$ 3,517,225	\$ 3,517,225	\$ -	\$ -	\$ 3,517,225	\$ 3,517,225
Construction in Progress	725,834	422,736	534,914	58,135	1,260,748	480,871
Buildings and Improvements	2,282,800	2,416,776	2,873,111	2,942,199	5,155,911	5,358,975
Land Improvements	732,066	664,324	-	221	732,066	664,545
Furniture and Office Equipment	149,979	163,979	-	-	149,979	163,979
Vehicles and Equipment	510,654	372,420	54,948	68,826	565,602	441,246
Infrastructure	1,874,135	2,120,184	18,449,075	19,043,102	20,323,210	21,163,286
Total	<u>\$ 9,792,693</u>	<u>\$ 9,677,644</u>	<u>\$ 21,912,048</u>	<u>\$ 22,112,483</u>	<u>\$ 31,704,741</u>	<u>\$ 31,790,127</u>

Additional information on the Village's capital assets can be found in note 4 on pages 29 and 30 of this report.

**Long Term Debt** – At April 30, 2019, the Village had \$6,920,287 in long-term debt.

Village of Lake Villa's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018
GO Bonds 2019	\$ 900,000	\$ -	\$ -	\$ -	\$ 900,000	\$ -
GO Bonds	-	-	1,785,000	1,980,000	1,785,000	1,980,000
IEPA Loan 2013	-	-	132,938	196,937	132,938	196,937
IEPA Loan 2017	-	-	4,102,349	4,292,619	4,102,349	4,292,619
Total	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ 6,020,287</u>	<u>\$ 6,469,556</u>	<u>\$ 6,920,287</u>	<u>\$ 6,469,556</u>

Additional information on the Village's long-term debt can be found in note 5 on pages 31 and 32 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village considered many factors when setting the fiscal year 2020 budget. Those factors included expected property tax revenues, income and utility tax revenues, projected expenses and necessary capital outlay.

The General Operating Fund 2019-2020 budgeted fund surplus of \$55,165 that includes the costs of providing services such as police protection, park maintenance, street maintenance, administrative services, and code compliance services.

The General Capital Fund receives revenue from video gaming, water tower lease, and a portion of sales, use and income tax. In addition, this fund will receive funds in excess of the General Operating Fund designated fund reserve. These funds are set apart from operational spending and reserved for one-time community improvements and major equipment replacements. The fiscal year 2019-2020 budget of \$742,149 includes the following projects as well as other equipment purchases and improvement projects:

- Downtown sidewalks - \$330,000
- Completion of Grass Lake Road sidewalk - \$125,889
- Cedar Avenue Utility Burial - \$50,260
- Police Body Camera system - \$45,000

The Water and Sewer Operating Fund 2019-2020 budgeted fund deficit of \$61,606 which includes operating costs of the water and sewer system. The Village Board has approved a multi-year rate increase through May 1, 2023 to water and sewer rates. The Village Board continues to review these rate projections on an annual basis to make sure estimates are on target.

The Water and Sewer Capital Fund receives revenue from one-time water and sewer connection fees generated from new building construction. In addition, this fund will receive funds in excess of the Water and Sewer Operating Fund designated fund reserve. These revenues are set apart from operational spending and reserved for one-time system improvements and replacements. The Water /Sewer Capital Fund 2019-2020 budget of \$830,276 includes the following system upgrades as well as other system repairs and improvements.

- Monaville Lift Station construction completion - \$651,103
- Monaville Lift Station Engineering - \$47,173
- Sanitary Sewer Manhole Repairs - \$30,000

The Metra Fund 2019-2020 budgeted surplus of \$906 includes operating costs of the Metra station and parking lot.

The Mansion Fund 2019-2020 budgeted fund deficit of \$21,572 includes operating and maintenance costs of the Lehmann Mansion.

The Motor Fuel Tax Fund 2019-2020 budgeted surplus of \$181,458 which will be accumulated for future road maintenance projects.

The Downtown Business District Fund budgeted deficit of \$862,447 includes the streetscape project of \$900,000 using the proceeds from the \$900,000 General Obligation Promissory Note, Series 2019 that was received in March of 2019.

The Public Works Equipment Replacement Fund receives revenue from the General Fund and the Water and Sewer Fund to fund the regular replacement of Public Works vehicles and major equipment. The fund budget includes \$233,000 in vehicle and equipment purchases.

The Squad Car Replacement Fund receives revenue from the General Fund to fund the regular replacement of Police Department vehicles. The fund budget includes the purchase of two squad vehicles totaling \$77,000.

The Water and Sewer Fund budget includes the following:

- Monaville Lift Station construction - \$976,600

The Business District Fund budget includes the following:

- Cedar Avenue Streetscape design - \$42,355

The Village entered into an agreement with Waste Management to bill residents for refuse and recycling pickup beginning in May 2018.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Village of Lake Villa, 65 Cedar Ave., Lake Villa, IL 60046.



## BASIC FINANCIAL STATEMENTS

VILLAGE OF LAKE VILLA  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
APRIL 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,914,453	\$ 587,562	\$ 5,502,015
Investments	1,123,689	3,268,079	4,391,768
Other Receivables	250,000	4,021	254,021
Capital Assets			
Land	3,517,225	-	3,517,225
Construction in Progress	725,834	534,914	1,260,748
Other Capital Assets, Net of Depreciation	5,549,634	21,377,134	26,926,768
<b>Total Assets</b>	<b>\$ 16,080,835</b>	<b>\$ 25,771,710</b>	<b>\$ 41,852,545</b>
<b>LIABILITIES</b>			
Refundable Deposits	\$ 5,030	\$ -	\$ 5,030
Due to Other Funds	31,718	-	31,718
Due to Other Governments	-	27,306	27,306
Non-Current Liabilities			
Due Within One Year	77,072	459,456	536,528
Due in More Than One Year	822,928	5,560,831	6,383,759
<b>Total Liabilities</b>	<b>\$ 936,748</b>	<b>\$ 6,047,593</b>	<b>\$ 6,984,341</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 8,892,693	\$ 15,891,761	\$ 24,784,454
Restricted for:			
Streets	460,054	-	460,054
Audit	4,460	-	4,460
Drug Enforcement	17,528	-	17,528
Squad Car	90,796	-	90,796
DUI	16,408	-	16,408
Insurance	48,956	-	48,956
Unemployment	28,060	-	28,060
Metra	40,370	-	40,370
Retirement	70,725	-	70,725
Celebration of Summer	7,834	-	7,834
Special Events	917	-	917
Capital Projects	1,570,681	-	1,570,681
Downtown TIF	117,811	-	117,811
Parks	172,240	-	172,240
Unrestricted / (Deficit)	3,604,554	3,832,356	7,436,910
<b>Total Net Position</b>	<b>\$ 15,144,087</b>	<b>\$ 19,724,117</b>	<b>\$ 34,868,204</b>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED APRIL 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 1,772,774	\$ 154,611	\$ -	\$ 31,292	\$ (1,586,871)	\$ -	\$ (1,586,871)
Police	3,257,383	265,928	-	-	(2,991,455)	-	(2,991,455)
Public Works	82,543	-	-	-	(82,543)	-	(82,543)
Streets	1,342,483	34,590	-	-	(1,307,893)	-	(1,307,893)
Building and Grounds	145,729	167,255	-	-	21,526	-	21,526
Mansion	164,554	69,262	-	-	(95,292)	-	(95,292)
Celebration of Summer Fun	21,447	-	24,758	-	3,311	-	3,311
	<u>\$ 6,786,913</u>	<u>\$ 691,646</u>	<u>\$ 24,758</u>	<u>\$ 31,292</u>	<u>\$ (6,039,217)</u>	<u>\$ -</u>	<u>\$ (6,039,217)</u>
Business-Type Activities							
Garbage	\$ 542,758	\$ 552,629	\$ -	\$ -	\$ -	\$ 9,871	\$ 9,871
Water and Sewer	2,487,323	2,923,503	-	-	-	436,180	436,180
Total Business-Type Activities	<u>\$ 3,030,081</u>	<u>\$ 3,476,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,051</u>	<u>\$ 446,051</u>
Total Primary Government	<u>\$ 9,816,994</u>	<u>\$ 4,167,778</u>	<u>\$ 24,758</u>	<u>\$ 31,292</u>	<u>\$ (6,039,217)</u>	<u>\$ 446,051</u>	<u>\$ (5,593,166)</u>
General Revenues							
Taxes							
Property Tax					\$ 2,416,432	\$ -	\$ 2,416,432
State Sales Tax					845,710	-	845,710
State Income Tax					848,655	-	848,655
State Motor Fuel Tax					235,843	-	235,843
Other Taxes					1,015,512	-	1,015,512
Unrestricted Investment Earnings					108,026	72,883	180,909
Miscellaneous					389,340	23,947	413,287
Gain/(Loss) on Disposal of Fixed Assets					18,462	-	18,462
Gain/(Loss) on Investments					-	6,265	6,265
Connection and Permit Fees					-	58,015	58,015
Transfers					206,600	(206,600)	-
Total General Revenues and Transfers					<u>\$ 6,084,580</u>	<u>\$ (45,490)</u>	<u>\$ 6,039,090</u>
Change in Net Position					\$ 45,363	\$ 400,561	\$ 445,924
Net Position - Beginning of Year					15,098,724	19,323,556	34,422,280
Net Position - End of Year					<u>\$ 15,144,087</u>	<u>\$ 19,724,117</u>	<u>\$ 34,868,204</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
FUND FINANCIAL STATEMENTS  
STATEMENT OF ASSETS, LIABILITIES, AND  
FUND BALANCE - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
AS OF APRIL 30, 2019

	General Fund	Motor Fuel Tax Fund	GO Note Series 2019	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,145,667	\$ 476,515	\$ 901,982	\$ 2,390,289	\$ 4,914,453
Investments	1,123,689	-	-	-	1,123,689
Other Receivables	-	-	-	250,000	250,000
<b>Total Assets</b>	<b>\$ 2,269,356</b>	<b>\$ 476,515</b>	<b>\$ 901,982</b>	<b>\$ 2,640,289</b>	<b>\$ 6,288,142</b>
<b>LIABILITIES</b>					
Refundable Deposits	\$ 4,839	\$ -	\$ -	\$ 191	\$ 5,030
Due to Other Funds	31,718	-	5,000	(5,000)	31,718
<b>Total Liabilities</b>	<b>\$ 36,557</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ (4,809)</b>	<b>\$ 36,748</b>
<b>FUND BALANCES</b>					
Restricted					
GO Bond Series 2019	\$ -	\$ -	\$ 894,991	\$ -	\$ 894,991
Streets	-	460,054	-	-	460,054
Audit	4,460	-	-	-	4,460
Drug Enforcement	-	-	-	17,528	17,528
Squad Car	-	-	-	90,796	90,796
DUI	-	-	-	16,408	16,408
Insurance	-	-	-	48,956	48,956
Unemployment	28,060	-	-	-	28,060
Metra	-	-	-	40,370	40,370
Retirement	-	-	-	70,725	70,725
Celebration of Summer	-	-	-	7,834	7,834
Special Events	-	-	-	917	917
Capital Projects	-	-	-	1,570,681	1,570,681
Downtown TIF	-	-	-	117,811	117,811
Parks	-	-	-	172,240	172,240
Assigned					
GO Bond Series 2019	-	-	1,991	-	1,991
Streets	-	16,461	-	-	16,461
Public Works	-	-	-	102,229	102,229
Mansion	-	-	-	4,546	4,546
Squad Car	-	-	-	184	184
DUI	-	-	-	211	211
Parks	-	-	-	75,952	75,952
Downtown TIF	-	-	-	80,065	80,065
Business District #1	-	-	-	227,645	227,645
Unassigned	2,200,279	-	-	-	2,200,279
<b>Total Fund Balances</b>	<b>\$ 2,232,799</b>	<b>\$ 476,515</b>	<b>\$ 896,982</b>	<b>\$ 2,645,098</b>	<b>\$ 6,251,394</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,269,356</b>	<b>\$ 476,515</b>	<b>\$ 901,982</b>	<b>\$ 2,640,289</b>	<b>\$ 6,288,142</b>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCE - MODIFIED CASH BASIS  
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
APRIL 30, 2019

Total Fund Balances - Governmental Funds	\$ 6,251,394
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Amounts reported for governmental activities in the Statement  
of Net Position - Modified Cash Basis are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds.

Capital Assets, net of accumulated depreciation	9,792,693
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Some liabilities are not due and payable in the current period  
and therefore are not reported in the funds.

General Obligation Note	<u>(900,000)</u>
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Net Position of Governmental Activities	<u><u>\$ 15,144,087</u></u>
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The Notes to Financial Statements are an integral part of this statement.



VILLAGE OF LAKE VILLA  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2019

	General Fund	Motor Fuel Tax Fund	GO Note Series 2019	Total Governmental Funds
<b>REVENUES</b>				
Local Taxes	\$ 3,323,539	\$ -	\$ -	\$ 4,124,080
Intergovernmental	862,036	235,843	-	1,238,072
Licenses and Permits	289,264	-	-	289,264
Fines	195,780	-	-	199,725
Grant Revenue	-	-	-	29,505
Other	427,640	8,073	1,991	726,568
Total Revenues	<u>\$ 5,098,259</u>	<u>\$ 243,916</u>	<u>\$ 1,991</u>	<u>\$ 6,607,214</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	\$ 493,177	\$ -	\$ 5,009	\$ 1,266,443
Police	3,200,050	-	-	3,200,050
Streets	897,390	-	-	897,390
Building and Grounds	150,075	-	-	150,075
Mansion	-	-	-	94,573
Celebration of Summer	-	-	-	21,447
<b>CAPITAL OUTLAY</b>				
General Government	2,948	-	-	427,367
Police	803	-	-	51,247
Public Works	-	-	-	82,543
Streets	-	563,151	-	692,983
Building and Grounds	1,801	-	-	1,801
Mansion	-	-	-	16,043
Total Expenditures	<u>\$ 4,746,244</u>	<u>\$ 563,151</u>	<u>\$ 5,009</u>	<u>\$ 6,901,962</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 352,015</u>	<u>\$ (319,235)</u>	<u>\$ (3,018)</u>	<u>\$ (294,748)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Proceeds from Sale of Fixed Assets	\$ 6,265	\$ -	\$ -	\$ 18,462
Proceeds from Debt Issuance	-	-	900,000	900,000
Transfers	(240,455)	-	-	206,600
	<u>\$ (234,190)</u>	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ 1,125,062</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 117,825</u>	<u>\$ (319,235)</u>	<u>\$ 896,982</u>	<u>\$ 830,314</u>
<b>FUND BALANCES - MAY 1, 2018</b>	<u>2,114,974</u>	<u>795,750</u>	<u>-</u>	<u>5,421,080</u>
<b>FUND BALANCES - APRIL 30, 2019</b>	<u><u>\$ 2,232,799</u></u>	<u><u>\$ 476,515</u></u>	<u><u>\$ 896,982</u></u>	<u><u>\$ 6,251,394</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED APRIL 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 830,314

Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (575,594)	
Capital Outlays	<u>690,643</u>	115,049

In the Statement of Activities - Modified Cash Basis, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (12,197)	
Gain on Sale of Capital Assets	<u>12,197</u>	-

Long-term debt proceeds provide current financial resources to governmental funds, and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis, but issuing debt increases long-term liabilities in the Statement of Net Assets - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.

Proceeds from Long-Term Debt		<u>(900,000)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 45,363</u></u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
APRIL 30, 2019

	Business-type Activities		
	Water and Sewer	Non-Major Garbage	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 586,892	\$ 670	\$ 587,562
Investments	3,258,531	9,548	3,268,079
Other Receivables	4,021	-	4,021
	<u>\$ 3,849,444</u>	<u>\$ 10,218</u>	<u>\$ 3,859,662</u>
Non-Current Assets			
Capital Assets			
Construction in Progress	\$ 534,914	\$ -	\$ 534,914
Other Capital Assets	3,723,221	-	3,723,221
Water and Sewer Systems	29,530,077	-	29,530,077
Less: Accumulated Depreciation	(11,876,164)	-	(11,876,164)
	<u>\$ 21,912,048</u>	<u>\$ -</u>	<u>\$ 21,912,048</u>
Total Assets	<u>\$ 25,761,492</u>	<u>\$ 10,218</u>	<u>\$ 25,771,710</u>
<b>LIABILITIES</b>			
Current Liabilities			
Due to Other Governments	\$ 27,306	\$ -	\$ 27,306
Bonds and Notes Payable - Current	459,456	-	459,456
	<u>\$ 486,762</u>	<u>\$ -</u>	<u>\$ 486,762</u>
Non-Current Liabilities			
Bonds and Notes Payable (Net of Current Portion Shown Above)	\$ 5,560,831	\$ -	\$ 5,560,831
Total Liabilities	<u>\$ 6,047,593</u>	<u>\$ -</u>	<u>\$ 6,047,593</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 15,891,761	\$ -	\$ 15,891,761
Unrestricted / (Deficit)	3,822,138	10,218	3,832,356
Total Net Position	<u>\$ 19,713,899</u>	<u>\$ 10,218</u>	<u>\$ 19,724,117</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2019

	Enterprise Fund		
	Water and Sewer	Non-Major Garbage	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services			
Water Customer Sales/Connection Fees	\$ 1,738,424	\$ -	\$ 1,738,424
Sewer Customer Sales/Connection Fees	1,181,757	-	1,181,757
Refuse and Recycling Collections	-	552,629	552,629
County Connection Fees	58,015	-	58,015
Water Meter Sales	1,922	-	1,922
Inspection Fees	1,400	-	1,400
Miscellaneous Revenue	23,674	273	23,947
	<u>\$ 3,005,192</u>	<u>\$ 552,902</u>	<u>\$ 3,558,094</u>
OPERATING EXPENSES			
Water Department			
Personnel Expenses	\$ 294,815	\$ -	\$ 294,815
Contractor Expenses	62,955	-	62,955
Operating Expenses	206,156	-	206,156
Depreciation	434,781	-	434,781
Sewer Department			
Personnel Expenses	294,038	-	294,038
Contractor Expenses	670,770	-	670,770
Operating Expenses	121,094	-	121,094
Depreciation	266,938	-	266,938
Garbage Services			
Contractor Expenses	-	538,790	538,790
Operating Expenses	-	3,968	3,968
	<u>\$ 2,351,547</u>	<u>\$ 542,758</u>	<u>\$ 2,894,305</u>
OPERATING INCOME/(LOSS)	<u>\$ 653,645</u>	<u>\$ 10,144</u>	<u>\$ 663,789</u>
NON-OPERATING REVENUE/(EXPENSE)			
Interest Income	\$ 72,809	\$ 74	\$ 72,883
Interest Expense	(135,776)	-	(135,776)
Gain/(Loss) on Investments	6,265	-	6,265
	<u>\$ (56,702)</u>	<u>\$ 74</u>	<u>\$ (56,628)</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 596,943	\$ 10,218	\$ 607,161
TRANSFERS (TO)/FROM OTHER FUNDS			
Transfers	(206,600)	-	(206,600)
CHANGE IN NET POSITION	\$ 390,343	\$ 10,218	<u>\$ 400,561</u>
NET POSITION - MAY 1, 2018	19,323,556	-	
NET POSITION - APRIL 30, 2019	<u>\$ 19,713,899</u>	<u>\$ 10,218</u>	

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2019

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>and Garbage</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,546,593
Payments to Suppliers for Goods and Services	(1,606,923)
Payments to Employees for Services	(608,294)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 1,331,376</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ (206,600)
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$ (206,600)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (501,284)
Interest Paid on Capital Debt	(135,776)
Principal Paid on Capital Debt	(449,269)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (1,086,329)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 72,883
Proceeds from Sale of Investments	(247,482)
Net Cash Provided/(Used) by Investing Activities	<u>\$ (174,599)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (136,152)
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2018	<u>723,714</u>
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2019	<u><u>\$ 587,562</u></u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ 663,789
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	701,719
Change in Assets and Liabilities:	
Other Receivables	(749)
Miscellaneous Payables	(19,441)
Deposits and Escrows	(10,752)
Due to Other Governments	(3,190)
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 1,331,376</u></u>

The Notes to Financial Statements are an integral part of this statement.



VILLAGE OF LAKE VILLA  
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
APRIL 30, 2019

	Police Pension Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 1,418,578	\$ 74,740
Investments	5,862,335	60,968
Due from Other Funds	31,718	-
	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 7,312,631</u>	<u>\$ 135,708</u>
LIABILITIES		
Due to Developers	\$ -	\$ 135,708
	<u>          </u>	<u>          </u>
Total Liabilities	<u>\$ -</u>	<u>\$ 135,708</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 7,312,631</u>	

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
YEAR ENDED APRIL 30, 2019

	Police Pension Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 824,795
Plan Members	146,363
Total Contributions	<u>\$ 971,158</u>
Investment Income	
Interest and Dividends	\$ 233,964
Gain/(Loss) on Sale of Investments	38,649
Net Increase/(Decrease) in Fair Value of Investments	91,933
Less: Brokerage Fees	(15,574)
Net Investment Income	<u>\$ 348,972</u>
Total Additions	<u>\$ 1,320,130</u>
DEDUCTIONS	
Benefits	\$ 375,343
Administrative Expenses	36,742
Total Deductions	<u>\$ 412,085</u>
NET INCREASE/(DECREASE)	\$ 908,045
TRANSFERS (TO)/FROM OTHER FUNDS	
Transfers	<u>-</u>
CHANGE IN NET POSITION	\$ 908,045
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2018	<u>6,404,586</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2019	<u><u>\$ 7,312,631</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Village of Lake Villa's (Village) financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

*A. Reporting Entity*

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police Pension Plan meets the above criteria. The Police Pension Plan is blended into the Village's primary government financial statements as a fiduciary fund although it remains a separate legal entity. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

*B. Basic Financial Statements – Government-Wide Financial Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's General Government, Police, Public Works, Streets, Building and Grounds, Mansion, and Celebration of Summer Fund services are classified as governmental activities. The Village's water and sewer services and garbage fund are classified as business-type activities.

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental and business-type activities columns (a) are presented on a consolidated basis, and (b) are reported on a modified cash, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (General Government, Police, Public Works, Streets, Building and Grounds, Mansion, and Celebration of Summer Fund). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The net costs (by function or business-type activity) are normally covered by general revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

### *C. Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The following fund types are used by the Village:

#### *1. Governmental Funds*

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Motor Fuel Tax Fund includes revenues from motor fuel tax and other state road grants along with the related expenditures.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities.

Debt Service Fund - Debt Service Funds are funds with cash reserved that is to be used to pay for the interest and principal payments on certain types of debt. The General Obligation Bond Series 2019 Fund includes revenue from the issuance of the new 2019 debt along with the related expenditures and eventually the re-payment of the debt.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

#### *2. Proprietary Fund Types*

The proprietary fund utilizes an "economic resource" measurement focus. The object is determination of operating income, changes in net position, financial position, and cash flows. The generally accepted

## NOTES TO FINANCIAL STATEMENTS (Continued)

accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

Enterprise Funds – Enterprise Funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Enterprise Funds include the Water and Sewer Fund and the Garbage fund.

### 3. *Fiduciary Fund Types*

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (pension participants and developers) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

### D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, governmental activities and business-type activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Village utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

### E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all Village funds. Instead, the funds maintain their cash balances in common bank accounts, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Village funds. No Village fund had a cash overdraft at April 30, 2019.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Fair value is determined by quoted market prices. Gains and losses on the sale of investments are recognized as they are incurred.

### *F. Restricted Cash and Cash Equivalents*

Certain enterprise fund resources can be classified as restricted cash and cash equivalents on the Balance Sheet because their use is limited by applicable bond covenants.

### *G. Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### *H. Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more (\$25,000 or more for buildings and infrastructure) are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 60 years
Land Improvements	20 - 50 years
Furniture and Office Equipment	5 - 25 years
Vehicles and Equipment	5 - 15 years
Water and Sewerage Infrastructure	30 - 50 years
Other Infrastructure	10 - 15 years

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets acquired on or after May 1, 2004. Infrastructure assets include roads, sidewalks, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

### *I. Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource until that time.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### J. *Compensated Absences*

Under the cash basis of accounting, the Village does not accrue accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. Vacations and the associated employee-related costs are recorded when paid.

### K. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position – Modified Cash Basis. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

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 other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### L. *Government-Wide Net Position*

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted Net Position* – consists of net position that is restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. *Unrestricted Net Position* – all other net positions are reported in this category.

### M. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. *Restricted* – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. *Committed* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.



## NOTES TO FINANCIAL STATEMENTS (Continued)

3. *Assigned* – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The authority of the assigned fund balance has been retained by the Board of Trustees.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself. All assigned fund balances are the residual amounts of the fund.

4. *Unassigned* – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

### N. *Property Tax Calendar and Revenues*

The Village's property tax is levied each calendar year on all taxable real property located in the Village's district on or before the last Tuesday in December. The 2018 levy was passed by the Board on December 12, 2018. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

### O. *Defining Operating Revenues and Expenses*

The Village's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's Water and Sewer and Garbage Funds consist of charges for services and the costs of providing those services, administrative expenses, and depreciation on capital assets. All other revenue and expenses are reported as nonoperating.

### P. *Budgetary Information*

A proposed operating budget for the fiscal year commencing the following May 1 is submitted to the Board of Trustees. The operating budget includes proposed disbursements and the means of financing them. Public hearings are conducted to obtain taxpayer comments.

The budget is legally enacted through passage of an ordinance. The budget was passed on April 25, 2018 and was amended on July 25, 2018. Budget amounts reflected on the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual reflect the Village's internal working budget amounts which are lower than legal budget amounts. Therefore, all funds operated within legal budgets.

The Village Board is authorized to transfer budgeted amounts between departments within any fund.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name, except the following balance held in the Village and in the Village's Pension Fund:

- Uninsured and uncollateralized: \$29,568

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities and the market value of the pledged securities shall equal or exceed the portion of deposit requiring collateralization. As of April 30, 2019, \$29,568 of the Village's bank balance and \$0 of the Village's Pension Fund bank balance was exposed to custodial credit risk.

#### *Investments*

As of April 30, 2019, the Village had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	5 - 10	More than 10
State Investment Pool	\$ 1,100,637	\$ 1,100,637	\$ -	\$ -	\$ -
GNMA	382,012	-	-	-	382,012
Corporate Bonds	245,705	-	-	-	245,705
Total Investments	<u>\$ 1,728,354</u>	<u>\$ 1,100,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 627,717</u>

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered but does have regulatory oversight through the State of Illinois.

*Credit Risk.* State law limits investments based on credit risk. The Village's investment policy states that the Village cannot directly invest in securities maturing more than ten years from the date of purchase. As of April 30, 2019, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
Federal Home Loan Mtg Corp	AA+	Standard and Poor's
GNMA	AA+	Standard and Poor's

### NOTE 3 - FAIR VALUE MEASUREMENT

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Village has the following recurring fair value measurements as of April 30, 2019:

## NOTES TO FINANCIAL STATEMENTS (Continued)

	4/30/2019	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by fair value level</b>			
Debt Securities:			
U.S. Treasury Securities	\$ 2,293,890	\$ 2,293,890	\$ -
U.S. Government Agencies	601,533	-	601,533
Corporate bonds	528,762	-	528,762
Mutual Fund	2,728,972	2,728,972	-
Certificate of Deposits	4,031,331	-	4,031,331
Total Debt Securities	<u>\$ 10,184,488</u>	<u>\$ 5,022,862</u>	<u>\$ 5,161,626</u>
Equity Securities:			
Financial Service Industry	\$ 130,525	\$ 130,525	\$ -
Total Equity Securities	<u>\$ 130,525</u>	<u>\$ 130,525</u>	<u>\$ -</u>
Total Investments by fair value level	<u>\$ 10,315,013</u>	<u>\$ 5,153,387</u>	<u>\$ 5,161,626</u>

## NOTE 4 - CAPITAL ASSETS

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

	Balance May 1, 2018	Increases	Decreases	Balance April 30, 2019
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 3,517,225	\$ -	\$ -	\$ 3,517,225
Construction in Progress	422,736	303,098	-	725,834
Total Capital Assets not being depreciated	<u>\$ 3,939,961</u>	<u>\$ 303,098</u>	<u>\$ -</u>	<u>\$ 4,243,059</u>
Other Capital Assets:				
Buildings and Improvements	\$ 4,143,317	\$ -	\$ -	\$ 4,143,317
Land Improvements	1,298,466	109,749	-	1,408,215
Furniture and Office Equipment	548,603	26,405	-	575,008
Vehicles and Equipment	1,981,909	251,391	52,205	2,181,095
Infrastructure	3,837,959	-	-	3,837,959
Total Other Capital Assets at Historical Cost	<u>\$ 11,810,254</u>	<u>\$ 387,545</u>	<u>\$ 52,205</u>	<u>\$ 12,145,594</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,726,541	\$ 133,976	\$ -	\$ 1,860,517
Land Improvements	634,142	42,007	-	676,149
Furniture and Office Equipment	384,624	40,405	-	425,029
Vehicles and Equipment	1,609,489	113,157	52,205	1,670,441
Infrastructure	1,717,775	246,049	-	1,963,824
Total Accumulated Depreciation	<u>\$ 6,072,571</u>	<u>\$ 575,594</u>	<u>\$ 52,205</u>	<u>\$ 6,595,960</u>
Other Capital Assets, Net	<u>\$ 5,737,683</u>	<u>\$ (188,049)</u>	<u>\$ -</u>	<u>\$ 5,549,634</u>
Governmental Activities Capital Assets, net	<u>\$ 9,677,644</u>	<u>\$ 115,049</u>	<u>\$ -</u>	<u>\$ 9,792,693</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance May 1, 2018	Increases	Decreases	Balance April 30, 2019
<b>Business-Type Activities:</b>				
Capital Assets not being depreciated:				
Construction in Progress	\$ 58,135	\$ 476,779	\$ -	\$ 534,914
Total Capital Assets not being depreciated	\$ 58,135	\$ 476,779	\$ -	\$ 534,914
Other Capital Assets:				
Buildings	\$ 3,428,720	\$ -	\$ -	\$ 3,428,720
Land Improvements	15,980	-	-	15,980
Equipment	54,610	-	-	54,610
Vehicles and Equipment	223,911	-	-	223,911
Infrastructure	29,505,572	24,505	-	29,530,077
Total Other Capital Assets at Historical Cost	\$ 33,228,793	\$ 24,505	\$ -	\$ 33,253,298
Less Accumulated Depreciation for:				
Buildings	\$ 486,521	\$ 69,088	\$ -	\$ 555,609
Land Improvements	15,759	221	-	15,980
Equipment	48,777	3,500	-	52,277
Vehicles and Equipment	160,918	10,378	-	171,296
Infrastructure	10,462,470	618,532	-	11,081,002
Total Accumulated Depreciation	\$ 11,174,445	\$ 701,719	\$ -	\$ 11,876,164
Other Capital Assets, Net	\$ 22,054,348	\$ (677,214)	\$ -	\$ 21,377,134
Business-Type Activities Capital Assets, net	\$ 22,112,483	\$ (200,435)	\$ -	\$ 21,912,048

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
General Government	\$ 97,618
Police	56,834
Streets	254,727
Building and Grounds	112,477
Mansion	53,938
Total Governmental Activities Depreciation Expense	<u>\$ 575,594</u>
<b>Business-Type Activities:</b>	
Water Operations	\$ 434,781
Sewer Operations	266,938
Total Business-Type Activities Depreciation Expense	<u>\$ 701,719</u>

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2019 was as follows:

	Balance May 1, 2018	Additions	Retirements	Balance April 30, 2019	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Long-Term Debt					
GO Bond 2019	\$ -	\$ 900,000	\$ -	\$ 900,000	\$ 77,072
Total Governmental Activities					
Long-Term Debt	\$ -	\$ 900,000	\$ -	\$ 900,000	\$ 77,072
<b>Business-Type Activities:</b>					
Long-Term Debt					
GO Bonds	\$ 1,980,000	\$ -	\$ 195,000	\$ 1,785,000	\$ 200,000
IEPA 2013 Loan	196,937	-	63,999	132,938	65,631
IEPA 2017 Loan	4,292,619	-	190,270	4,102,349	193,825
Total Business-Type Activities					
Long-Term Debt	\$ 6,469,556	\$ -	\$ 449,269	\$ 6,020,287	\$ 459,456
Long-Term Liabilities	\$ 6,469,556	\$ 900,000	\$ 449,269	\$ 6,920,287	\$ 536,528

Long-term debt consisted of the following at April 30, 2019:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>					
GO Bond Series 2019	3/25/2019	3/25/2029	3.40%	\$ 900,000	\$ 900,000
<b>Business-Type Activities:</b>					
GO Bonds	12/17/2014	12/15/2026	2.0% - 3.0%	\$ 2,550,000	\$ 1,785,000
IEPA Loan 2013	8/1/2001	12/1/2020	2.535%	1,038,400	132,938
IEPA Loan 2017	5/30/2017	12/17/2036	1.86%	4,472,954	4,102,349

On December 17, 2014, The Village issued \$2,550,000 in General Refunding Bonds, Series 2015A to refund \$2,550,000 of an outstanding 2006 issue. The money was deposited in an irrevocable trust with an escrow agent in order to redeem the debt. The 2006 issues were callable on April 30, 2015, therefore there was no defeased debt outstanding related to these bonds. The refunding of the 2006 bond generated a net savings of \$441,425.

On March 25, 2019, The Village issued \$900,000 in General Refunding Bonds for the purpose of paying the costs of streetscape improvements and land acquisition for municipal parking for the Village and for the payment of the expenses incident there to, providing for the security for and payment of said note, and authorizing the issues of the note.

At April 30, 2019 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2020	\$ 77,072	\$ 30,600	\$ 107,672
2021	79,693	27,980	107,673
2022	82,403	25,270	107,673
2023	85,204	22,468	107,672
2024	88,101	19,571	107,672
2025-2029	487,527	50,836	538,363
	\$ 900,000	\$ 176,725	\$ 1,076,725

## NOTES TO FINANCIAL STATEMENTS (Continued)

At April 30, 2019 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
2020	\$ 459,457	\$ 126,688	\$ 586,145
2021	474,753	116,892	591,645
2022	411,137	107,195	518,332
2023	419,895	98,186	518,081
2024	433,724	88,445	522,169
2025-2029	1,828,604	286,506	2,115,110
2030-2034	1,210,643	135,517	1,346,160
2035-2038	782,074	21,759	803,833
	<u>\$ 6,020,287</u>	<u>\$ 981,188</u>	<u>\$ 7,001,475</u>

### NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2019 consisted of the following:

Due From	Due To	Amount
General Fund	Pension Fund	\$ 31,718
GO Note Series 2019 Fund	Business District #1 Fund	5,000
Downtown TIF Fund	General Capital Fund	250,000

The interfund balance due to Pension resulted from clearing account cash that belonged to the Pension Fund but was in a General Fund cash account.

The interfund balance due from the GO Note Series 2019 Fund to the Business District #1 fund was for fees associated with the note issuances.

The interfund balance due from the Downtown TIF fund to the General Capital Fund was for a TIF economic incentive payment made from the General Capital Fund but needed to be paid from the Downtown TIF Fund.

Interfund transfers for the year ended April 30, 2019 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	General Capital Fund	\$ 121,655	Future capital projects
General Fund	Squad Car Fund	68,000	Future capital purchases
General Fund	Public Works Fleet Replacement Fund	50,800	Future capital purchases
Metra Fund	Liability Insurance Fund	5,200	To cover insurance premiums
Metra Fund	Retirement Fund	1,999	To cover retirement expenses
Mansion Fund	Liability Insurance Fund	5,200	To cover insurance premiums
Mansion Fund	Retirement Fund	4,245	To cover retirement expenses
Water and Sewer Fund	Retirement Fund	79,978	To cover retirement expenses
Water and Sewer Fund	Public Works Fleet Replacement Fund	76,200	Future capital purchases
Water and Sewer Fund	Liability Insurance Fund	50,422	To cover insurance premiums

### NOTE 7 - DEFICIT FUND BALANCES

There were no funds with a deficit fund balance as of April 30, 2019.

### NOTE 8 - PROPERTY TAXES

Property taxes recorded in these financial statements are from the 2017 tax levies. A summary of the assessed valuation, rates, and extensions for the years 2018, 2017, and 2016 follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

TAX YEAR	2018		2017		2016	
ASSESSED VALUATION	\$224,417,203		\$219,877,873		\$211,530,341	
	RATES	EXTENSIONS	RATES	EXTENSIONS	RATES	EXTENSIONS
Corporate	0.202148	\$ 453,655	0.178511	\$ 392,506	0.236207	\$ 499,649
Police Protection	0.214471	481,310	0.214210	471,000	0.222664	471,002
Tort and Liability Insurance	0.077478	173,874	0.085494	187,982	0.089822	190,001
Municipal Retirement	0.028610	64,206	0.034110	75,000	0.035185	74,427
Unemployment Insurance	0.000045	101	0.000046	101	0.000048	102
Audit	0.004456	10,000	0.004548	10,000	0.004728	10,001
Social Security	0.079910	179,332	0.083987	184,669	0.088078	186,312
Street and Bridge	0.051790	116,225	0.053016	116,571	0.054029	114,288
Police Pension	0.349638	784,648	0.375597	825,855	0.326195	690,001
	<u>1.008546</u>	<u>\$ 2,263,351</u>	<u>1.029519</u>	<u>\$ 2,263,684</u>	<u>1.056956</u>	<u>\$ 2,235,783</u>

### NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2019, the following funds had expenditures that exceeded the budget:

Fund	Actual	Budget	Excess of Actual Over Budget
General Fund	\$ 4,746,244	\$ 3,999,783	\$ 746,461

### NOTE 10 - RETIREMENT FUND COMMITMENTS

#### A. Illinois Municipal Retirement Fund

##### Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

##### Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

### Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2018, the measurement date, the Village's membership consisted of:

Retirees and beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	17
Total	<u>38</u>

### Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2018 was 9.93%. For the fiscal year ended April 30, 2019, the Village contributed \$115,647 to the Plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 6,060,414
IMRF Fiduciary Net Position	5,328,584
Village's Net Pension Liability	731,830
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	87.92%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Supplementary Information following the notes to the financial statements for additional information related to the funded status of the Plan.

### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Assumptions

Inflation	2.50%
Salary Increases	3.39% - 14.25% including inflation
Interest Rate	7.25%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

Asset Class	Target Allocation	Projected Return
Equities	37%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternatives	7%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash	1%	2.50%
	<u>100.0%</u>	

### Single Discount Rate

The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).



## NOTES TO FINANCIAL STATEMENTS (Continued)

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and resulting single discount rate is 7.25%.

### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2017	\$ 5,502,562	\$ 5,454,426	\$ 48,136
Changes for the year:			
Service Cost	\$ 122,859	\$ -	\$ 122,859
Interest on the Total Pension Liability	412,199	-	412,199
Differences Between Expected and Actual Experience of the Total Pension Liability	(39,338)	-	(39,338)
Changes of Assumptions	198,148	-	198,148
Contributions - Employer	-	116,160	(116,160)
Contributions - Employee	-	52,640	(52,640)
Net Investment Income	-	(223,098)	223,098
Benefit Payments, including Refunds of Employee Contributions	(136,016)	(136,016)	-
Other (Net Transfer)	-	64,472	(64,472)
Net Changes	\$ 557,852	\$ (125,842)	\$ 683,694
Balances at December 31, 2018	\$ 6,060,414	\$ 5,328,584	\$ 731,830

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability/(Asset)	\$ 1,637,741	\$ 731,830	\$ (4,020)

### Pension Expense/(Income), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the Village's pension expense is \$164,303. At April 30, 2019, the Village's deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
<b>Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 60,938	\$ 53,956	\$ 6,982
Changes of assumptions	174,708	115,137	59,571
Net difference between projected and actual earnings on pension plan investments	580,397	245,542	334,855
Total deferred amounts to be recognized in pension expense in future periods	\$ 816,043	\$ 414,635	\$ 401,408
Pension contributions made subsequent to the measurement date	38,458	-	38,458
Total deferred amounts related to pensions	\$ 854,501	\$ 414,635	\$ 439,866

Deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 147,717
2020	64,420
2021	55,240
2022	134,031
	<u>\$ 401,408</u>

### B. Social Security

All employees are covered under Social Security. The Village paid the total required contribution for the current fiscal year.

## NOTE 11 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN

### Plan Overview

In addition to the retirement plan described in Note 10, the District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

#### Types of Coverage:

- PPO
- High PPO
- HDHP PPO

#### Coverage Provisions:

##### Retirees – Non-PSEBA

###### Pre-65 Coverage:

Employees may continue Employer sponsored insurance in retirement. They are responsible for the full cost of coverage including coverage for any eligible spouse/dependent. Eligible Spouse/Dependent coverage may continue should Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent would be responsible for the full cost of coverage.

###### Post-65 Coverage:

Retirees may continue Employer sponsored insurance in retirement past Medicare eligibility. Eligible Spouse/Dependent coverage may continue should Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent would be responsible for the full cost of coverage. Coverage is secondary to Medicare once eligible.

##### Retirees –PSEBA

###### Pre-65 Coverage:

Employees may continue Employer sponsored insurance in retirement. The Employer pays for the full cost of coverage for whichever basic group plan is elected, including the cost of coverage for any eligible spouse/dependent.

Eligible spouse coverage may continue after the death of the eligible employee, until and unless the spouse has remarried and/or become eligible for Medicare. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues. Upon a spouse's eligibility for Medicare, coverage may continue for the eligible spouse, with the Employer no longer paying any cost of coverage. Coverage is secondary to Medicare once eligible.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Eligible dependent coverage may continue after the death of the eligible employee until the dependent reaches 18 years of age or until the end of the calendar year in which the dependent reaches 25 years of age, if the dependent continues to be dependent for support or the dependent is a student and is dependent for support. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues.

### Post-65 Coverage:

Retirees may continue Employer sponsored insurance in retirement past Medicare eligibility. They are responsible for the full cost of coverage including coverage for any eligible spouse/dependent, with the Employer no longer paying any cost of coverage.

Eligible spouse coverage may continue after the death of the eligible employee, until and unless the spouse has remarried and/or become eligible for Medicare. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues. Upon a spouse's eligibility for Medicare, coverage may continue for the eligible spouse, with the Employer no longer paying any cost of coverage. Coverage is secondary to Medicare once eligible.

Eligible dependent coverage may continue after the death of the eligible employee until the dependent reaches 18 years of age or until the end of the calendar year in which the dependent reaches 25 years of age, if the dependent continues to be dependent for support or the dependent is a student and is dependent for support. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues.

The Plan does not issue a stand-alone financial report.

### *Eligibility*

Employees of the District are eligible for retiree health benefits as listed below:

#### Regular Plan Tier 1 (Enrolled in IMRF Prior to January 1, 2011)

- Age 55 with at least 8 years of service (Reduced Pension).
- Age 55 with at least 30 years of service (Reduced Pension).
- Age 55 with at least 35 years of service (Full Pension).
- Age 60 with at least 8 years of service (Full Pension).

#### Regular Plan Tier 2 (Enrolled in IMRF On or After January 1, 2011)

- Age 62 with at least 10 years of service (Reduced Pension).
- Age 62 with at least 30 years of service (Reduced Pension).
- Age 62 with at least 35 years of service (Full Pension).
- Age 67 with at least 10 years of service (Full Pension).

Membership in the plan consisted of the following at June 1, 2018, the date of the latest actuarial valuation:

Active Employees	33
Inactive Employees Entitled to but not yet Receiving Benefits	0
Inactive Employees Currently Receiving Benefits	1
Total	<u>34</u>

### *Contribution*

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Total OPEB Liability

The District's total OPEB liability was measured as of April 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of May 1, 2018.

### Actuarial Assumptions

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

Actuarial Method	Entry Age Normal
Discount rate	3.79%
Salary Rate Increase	3.00%
Expected long-term investment rate of return	N/A
Health Care Trend	

#### Fiscal Year Trends

	PPO		HDHP	
	U65	65+	U65	65+
(1) Known rate				
	IY18-IY19	7.10%	IY18-IY19	7.20%
	IY19-IY20	6.87%	IY19-IY20	6.96%
	IY20-IY21	6.63%	IY20-IY21	6.71%
	IY21-IY22	6.40%	IY21-IY22	6.47%
	IY22-IY23	6.17%	IY22-IY23	6.22%
	IY23-IY24	5.93%	IY23-IY24	5.98%
	IY24-IY25	5.70%	IY24-IY25	5.73%
	IY25-IY26	5.47%	IY25-IY26	5.49%
	IY26-IY27	5.23%	IY26-IY27	5.24%
	IY27-IY28	5.00%	IY27-IY28	5.00%
	Ultimate	5.00%	Ultimate	5.00%

Retiree Contribution Trend  
Mortality

Same as Health Care Trend

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Police Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spousal Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

Disability Rates

IMRF 2017 for IMRF Employees

100% of the L&A Assumption Study for Police 2016. Sample Rates as Follows:

Age	Rate	Age	Rate
25	0.0005	40	0.0028
30	0.001	45	0.0043
35	0.0018	50	0.0064

Average Retirement Age

IMRF Tier 1: Age 60 Police Tier 1: Age 54

IMRF Tier 2: Age 62 Police Tier 2: Age 55

Termination/Turnover Rates

IMRF 2017 for IMRF Employees

100% of the L&A Assumption Study for Police 2016. Sample Rates as Follows:

Age	Rate	Age	Rate
25	0.0005	40	0.0028
30	0.001	45	0.0043
35	0.0018	50	0.0064

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Starting Per Capita Costs

IMRF	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
PPO Plan	\$ 15,871	\$ 17,457	\$ 11,499	\$ 12,648
High PPO	\$ 14,058	\$ 15,463	\$ 10,185	\$ 11,203
HDHP PPO	\$ 13,633	\$ 14,945	\$ 9,877	\$ 10,828
Police	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
PPO Plan	\$ 15,087	\$ 16,595	\$ 11,384	\$ 12,521
High PPO	\$ 13,363	\$ 14,700	\$ 10,083	\$ 11,091
HDHP PPO	\$ 12,959	\$ 14,207	\$ 9,778	\$ 10,719

### Election at Retirement

30% of active employees are assumed to elect coverage at retirement

### Marital Status

50% of active employees are assumed to be married and elect spousal coverage upon retirement. Males are assumed to be three years older than females.

### Retiree Lapse Rate

100.00%

The actuarial assumptions used in the May 1, 2018 valuation were based on the results of an actuarial experience study for the period May 1, 2018 through April 30, 2019.

There is no long-term expected rate of return on OPEB plan investments because the District does not have a trust dedicated exclusively to the payment of OPEB benefits.

### Discount Rate

The District does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 3.79% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of April 30, 201.

### Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at April 30, 2018	\$ 413,768	\$ -	\$ 413,768
Changes for the year:			
Service Cost	\$ 11,919	\$ -	\$ 11,919
Interest on Total OPEB Liability	16,143	-	16,143
Assumption Changes	6,885	-	6,885
Contributions - Employer	-	14,248	(14,248)
Benefit Payments	(14,248)	(14,248)	-
Net Changes	\$ 20,699	\$ -	\$ 20,699
Balances at April 30, 2019	\$ 434,467	\$ -	\$ 434,467

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Increase	Valuation Rate	1% Decrease
\$ 476,501	\$ 434,467	\$ 398,403

## NOTES TO FINANCIAL STATEMENTS (Continued)

### *Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
	Healthcare Cost	
1% Increase	Valuation Rate	1% Decrease
\$ 388,614	\$ 434,467	\$ 488,193

### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the fiscal year ended April 30, 2019, the District recognized OPEB expense of \$28,597. At April 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Inflows of Resources
Changes of Assumptions	6,350	-	\$ 6,350
Total	\$ 6,350	\$ -	\$ 6,350

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (12.88 years, active and retired) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year ending April 30	Net Inflows of Resources
2020	\$ 535
2021	535
2022	535
2023	535
2024	535
Thereafter	3,675
	<u>\$ 6,350</u>

## **NOTE 12 - POLICE PENSION PLAN**

### *A. Plan Description*

The Police Pension Plan (Plan) is a single-employer defined benefit pension plan that covers sworn police personnel of the Village. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a Pension Trust Fund and does not issue a stand-alone financial report.

### *B. Plan Membership*

Membership in the Plan consisted of the following at April 30, 2019, the date of the latest actuarial valuation:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Retirees and beneficiaries receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	0
Active plan members	17
Total	<u>25</u>

### C. Benefits Provided

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

### D. Contributions

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the 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 Plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2041 to fund 90% of the past service cost for the Plan. For the year ended April 30, 2019, the Village's contribution was 50.29% of covered payroll.

### E. Investment Policy

ILCS limit the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan 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 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 Plan 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.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income, Govt	44.00%	0.33%
Corporate Investment Grade	11.00%	0.11%
Domestic Equities	33.75%	2.19%
International Developed	11.25%	0.68%
Cash and Equivalents	0.00%	0%
	<u>100.00%</u>	

ILCS limits the Plan's investments in equities to 65% of total assets of the fund. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio. The Estimated Annual Inflation Rate (CPI) assumption used is 2.5%. The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management firm in December of 2014 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 asset 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



## NOTES TO FINANCIAL STATEMENTS (Continued)

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 Plan's target asset allocation as of December 31, 2014 are listed in the table above.

### F. *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 for debt securities, equity securities and mutual funds.

### G. *Investment Concentrations*

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Plan's investments.

### H. *Investment Rate of Return*

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments (excluding CD's), net of pension plan investment expense, was 6.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### I. *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan's investment policy requires all bank balances to be covered by federal depository insurance.

### J. *Interest Rate Risk*

The following table presents the investments and maturities of the Plan's debt securities as of April 30, 2019:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	5 - 10	More than 10
State Investment Pool	\$ 1,179,604	\$ 1,179,604	\$ -	\$ -	\$ -
US Treasury	2,293,890	386,104	1,618,226	289,560	-
FHLMC	74,527	29,983	44,544	-	-
FNMA	144,995	49,797	95,198	-	-
Mutual Funds	2,728,972	2,728,972	-	-	-
Corporate Securities	130,525	130,525	-	-	-
Corporate Bonds	283,057	-	283,057	-	-
Total Investments	<u>\$ 6,835,570</u>	<u>\$ 4,504,985</u>	<u>\$ 2,041,025</u>	<u>\$ 289,560</u>	<u>\$ -</u>

In accordance with its investment policy, the Plan limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Plan.

### K. *Credit Risk*

The Plan limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies.



## NOTES TO FINANCIAL STATEMENTS (Continued)

The fixed income securities are not rated Baa3 to Aaa by Moody's. However, certain fixed income securities are not rated. As of April 30, 2019, the Plan's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
Federal Home Loan Mtg Corp	AA+	Standard and Poor's
Federal National Mtg Assn	AA+	Standard and Poor's
Corporate Bonds	A - BBB+	Standard and Poor's

### L. *Net Pension Liability*

The components of the net pension liability of the Plan as of April 30, 2019, calculated in accordance with GASB Statement No. 67, were as follows:

Total Pension Liability	\$ 14,541,384
Plan Fiduciary Net Position	7,312,631
Village's Net Pension Liability	7,228,753
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.00%

See the Schedule of Changes in Net Pension Liability and Related Ratios in the Supplementary Information for additional information related to the funded status of the Plan.

### M. *Actuarial Assumptions*

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

Actuarial Valuation Date	April 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Dollar (Closed)
Asset Valuation Method	5- year smoothed market value
Payroll Growth	3.50%
Investment Rate of Return	6.75% per year

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2019 valuation were based on a review of assumptions in the L&A 2016 study for Illinois Police Officers.

### N. *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### O. 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 6.75% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability/(Asset)	\$ 9,508,450	\$ 7,228,753	\$ 5,382,637

### P. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the Village's pension expense/(income) is \$1,819,196. At April 30, 2019, the Village's deferred outflows of resources and deferred inflows of resources related to pension from the following sources were as follows:

Expense in Future Periods	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual expense	\$ 270,758	\$ (555,218)	\$ (284,460)
Changes of Assumptions	876,733	-	876,733
Net difference between projected and actual earnings on pension plan investment	261,520	-	261,520
Total deferred amounts related to pensions	<u>\$ 1,409,011</u>	<u>\$ (555,218)</u>	<u>\$ 853,793</u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

Year ending April 30	Net Deferred Outflows of Resources
2019	\$ 231,309
2020	164,677
2021	154,993
2022	108,143
2023	54,561
Thereafter	140,110
	<u>\$ 853,793</u>

## NOTE 13 - RISK MANAGEMENT

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Village is a member of the Illinois Municipal League Risk Management Association (IMLRMA), a joint risk management pool of local governmental units through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Village and IMLRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for IMLRMA, to report claims on a timely basis, cooperate with IMLRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by IMLRMA. Members have a contractual obligation to fund any

## NOTES TO FINANCIAL STATEMENTS (Continued)

deficit of IMLRMA attributable to a membership year during which they were a member. IMLRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. IMLRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended April 30, 2019, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in each of the past three years. The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2019, there were no significant adjustments in premiums based on actual experience.

### NOTE 14 - JOINT VENTURE

The Village is a member of the Solid Waste Agency of Lake County (Agency). The Agency is a municipal corporation with 45 members whose purpose is to provide a solution to solid waste disposal problems. Upon approval by a majority of its members, the Agency may issue bonds for which the individual members would be financially liable. The Village's contract with the Agency provides that each member is liable for its proportionate share of annual operating and fixed costs. The Village's share of these costs is expected to be funded through fees paid by refuse haulers. In addition, the Village is obligated for any costs arising from defaults in payment obligations by other members.

The following represents a summary of the Agency's balance sheet at November 30, 2018 and the statement of revenues and expenses for the year then ended.

Assets	\$ 4,376,270
Deferred Outflows Related to Pension	93,199
	<u>\$ 4,469,469</u>
Liabilities	<u>\$ 28,173</u>
Deferred Inflows Related to Pension	<u>\$ 323,803</u>
Net Position	
Investment in Capital Assets	\$ 881,827
Restricted for Pension	766,298
Unrestricted	2,469,368
Total Net Position	<u>\$ 4,117,493</u>
Revenues	\$ 1,147,558
Expenses	\$ 1,071,632

November 30, 2018 is the latest date information available. Audited financial statements of the Agency may be obtained from the Village or the Agency's administrative office located in Gurnee, Illinois.

In February 2019, the Village became a member of the Central Lake County Joint Action Water Agency (Agency). The Agency was formed by a group of local governments to construct and operate a system to provide adequate supplies of Lake Michigan water on an economical and efficient basis for its members or participants.

As a member, the Village was required to enter into a water purchase and sale contract with the Agency. This contract requires the Village to purchase from the Agency an amount of water necessary to serve its full water requirements. Total purchases for the fiscal year ended April 30, 2019 were \$55,391 (for purchases between February 2019 and April 2019).

Complete financial statements for the Agency can be obtained from the Agency office at 200 Rockland Road, Lake Bluff, Illinois 60044. Summarized financial information as of and for the fiscal year ended April 30, 2018, the most recent year available, is as follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Assets	\$ 173,205,701
Deferred Outflows of Resources	2,681,897
	<u>\$ 175,887,598</u>
Liabilities	\$ 106,550,940
Deferred Inflows of Resources	4,683,571
Net Position	64,653,087
	<u>\$ 175,887,598</u>
Revenues	\$ 25,923,640
Expenses	13,135,226
Net Increase/(Decrease) in Net Position	<u>\$ 12,788,414</u>

### NOTE 15 - DEFERRED COMPENSATION PLAN

Employees of the Village may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the Village. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until after termination, retirement, death or unforeseen emergency.

The deferred compensation plan is administered by an unrelated financial institution. As part of its fiduciary role, the Village has an obligation of due care in selecting this third party administrator.

### NOTE 16 - COMMITMENTS

At April 30, 2019, the Village was a member of various joint agreements. As a member, the Village assumes certain obligations with respect to the entities' liabilities. Further information on the more significant joint agreements are provided in Note 13.

The Village pays sewage usage fees and collection connection fees for and remits them to the County of Lake, Illinois (County), in accordance with an agreement for sewerage disposal dated August 23, 1991. During the fiscal year ended April 30, 2019 the Village remitted \$645,784 to the County under the terms of this agreement.

During the fiscal year ended April 30, 2018, the Village had the following ongoing contracts:

- Cedar Avenue streetscape – Total projected cost of \$1,216,853; \$612,688 paid as of April 30, 2019
- Grass Lake Road Sidewalk – Total projected cost of \$287,827; \$65,212 paid as of April 30, 2019
- Downtown Sidewalk – Total projected cost of \$539,877; \$47,934 paid as of April 30, 2019
- Monaville Lift – Total projected cost of \$1,473,881; \$534,913 paid as of April 30, 2019

### NOTE 17 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of indebtedness to 8.625% of the most recent available equalized assessed valuation (EAV) of the Village.

2018 EAV	\$ 224,417,203
	X 8.625%
Debt Margin	\$ 19,355,984
Current Debt	900,000
Remaining Debt Margin	<u>\$ 18,455,984</u>

### NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Effective for the year ended April 30, 2019, the Village has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB

## NOTES TO FINANCIAL STATEMENTS (Continued)

Statement No. 85, *Omnibus 2017*. These Statements establish financial reporting standards for postemployment benefits other than pension agreements offered by the Village. The Statements also require additional disclosures about the postemployment benefits other than pensions offered by the Village. Since the Village's financial statements are on the modified cash basis of accounting, the liabilities will not be recorded in the financial statements.

## SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE VILLA  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
APRIL 30, 2019

	4/30/2019 *	4/30/2018 *	4/30/2017 *	4/30/2016 *
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 122,859	\$ 132,632	\$ 132,194	\$ 130,852
Interest on the Total Pension Liability	412,199	390,646	364,581	333,490
Differences Between Expected and Actual Experience	(39,338)	70,211	(51,938)	29,857
Changes of Assumptions	198,148	(181,131)	(7,455)	6,980
Benefit Payments, Including Refunds of Member Contributions	(136,016)	(104,187)	(88,932)	(72,691)
Net Change in Total Pension Liability	<u>\$ 557,852</u>	<u>\$ 308,171</u>	<u>\$ 348,450</u>	<u>\$ 428,488</u>
Total Pension Liability - Beginning	<u>5,502,562</u>	<u>5,194,391</u>	<u>4,845,941</u>	<u>4,417,453</u>
Total Pension Liability - Ending	<u><u>\$ 6,060,414</u></u>	<u><u>\$ 5,502,562</u></u>	<u><u>\$ 5,194,391</u></u>	<u><u>\$ 4,845,941</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 116,160	\$ 123,194	\$ 111,747	\$ 113,049
Contributions - Member	52,640	53,823	52,545	51,964
Net Investment Income	(223,098)	759,770	293,192	21,934
Benefit Payments, Including Refunds of Member Contributions	(136,016)	(104,187)	(88,932)	(72,691)
Other (Net Transfers)	64,472	(31,035)	34,828	(205,438)
Net Change in Plan Fiduciary Net Position	<u>\$ (125,842)</u>	<u>\$ 801,565</u>	<u>\$ 403,380</u>	<u>\$ (91,182)</u>
Plan Net Position - Beginning	<u>5,454,426</u>	<u>4,652,861</u>	<u>4,249,481</u>	<u>4,340,663</u>
Plan Net Position - Ending	<u><u>\$ 5,328,584</u></u>	<u><u>\$ 5,454,426</u></u>	<u><u>\$ 4,652,861</u></u>	<u><u>\$ 4,249,481</u></u>
Village's Net Pension Liability	<u><u>\$ 731,830</u></u>	<u><u>\$ 48,136</u></u>	<u><u>\$ 541,530</u></u>	<u><u>\$ 596,460</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.92%	99.13%	89.57%	87.69%
Covered-Valuation Payroll	\$ 1,169,781	\$ 1,196,066	\$ 1,167,674	\$ 1,154,747
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	62.56%	4.02%	46.38%	51.65%

\* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF LAKE VILLA  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTION  
LAST TEN FISCAL YEARS

	4/30/2019 *	4/30/2018 *	4/30/2017 *	4/30/2016 *
Actuarially-Determined Contribution	\$ 116,159	\$ 123,195	\$ 111,746	\$ 113,050
Contributions in Relation to Actuarially-Determined Contribution	116,160	123,194	111,747	113,049
Contribution Deficiency/(Excess)	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ 1</u>
Covered-Valuation Payroll	\$ 1,172,406	\$ 1,196,066	\$ 1,167,674	\$ 1,154,747
Contributions as a Percentage of Covered-Valuation Payroll	9.91%	10.30%	9.57%	9.79%

**Notes to Schedule:**

**Actuarial Method and Assumptions Used on the Calculation of the 2018 Contribution Rate \***

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Actuarial Cost Method:** Aggregate Entry Age Normal

**Amortization Method:** Level percentage of payroll, closed

**Remaining Amortization Period:** 25-year closed period

**Asset Valuation Method:** 5-year smoothed market; 20% corridor

**Wage Growth:** 3.5%

**Price Inflation:** 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

**Salary Increases:** 3.75% to 14.50%, including inflation

**Investment Rate of Return:** 7.50%

**Retirement Age:** Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

**Mortality:** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

\*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.



VILLAGE OF LAKE VILLA  
POLICE PENSION PLAN  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
APRIL 30, 2019

	4/30/2019	4/30/2018	4/30/2017	4/30/2016
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 434,226	\$ 371,758	\$ 373,714	\$ 358,919
Interest	842,921	826,592	772,670	721,404
Differences Between Expected and Actual Experience	292,882	(577,797)	5,972	26,992
Changes in Assumptions	671,308		-	-
Benefit Payments, Including Refunds of Member Contributions	(375,343)	(352,547)	(354,326)	(342,332)
Net Change in Total Pension Liability	\$ 1,865,994	\$ 268,006	\$ 798,030	\$ 764,983
Total Pension Liability - Beginning	12,675,390	12,407,384	11,609,354	10,844,371
Total Pension Liability - Ending	\$ 14,541,384	\$ 12,675,390	\$ 12,407,384	\$ 11,609,354
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 824,795	\$ 792,870	\$ 702,130	\$ 609,619
Contributions - Member	146,363	138,097	138,216	138,489
Net Investment Income	348,972	227,536	261,851	(23,587)
Benefit Payments, Including Refunds of Member Contributions	(375,343)	(352,547)	(354,326)	(342,332)
Other (Admin Expenses)	(36,743)	(17,098)	(17,140)	(16,842)
Net Change in Plan Fiduciary Net Position	\$ 908,044	\$ 788,858	\$ 730,731	\$ 365,347
Plan Net Position - Beginning	6,404,587	5,615,729	4,884,998	4,519,651
Plan Net Position - Ending	\$ 7,312,631	\$ 6,404,587	\$ 5,615,729	\$ 4,884,998
Village's Net Pension Liability	\$ 7,228,753	\$ 6,270,803	\$ 6,791,655	\$ 6,724,356
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.29%	50.53%	45.26%	42.08%
Covered-Employee Payroll	\$ 1,476,922	\$ 1,417,714	\$ 1,397,745	\$ 1,342,728
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	489.45%	442.32%	485.90%	500.80%
	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expenses	6.61%	6.61%	3.32%	2.00%

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA  
POLICE PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTION  
APRIL 30, 2019

	<u>4/30/2019</u>	<u>4/30/2018</u>	<u>4/30/2017</u>	<u>4/30/2016</u>
Actuarially-Determined Contribution	\$ 825,854	\$ 793,589	\$ 781,829	\$ 610,481
Contributions in Relation to Actuarially-Determined Contribution	<u>824,795</u>	<u>792,870</u>	<u>702,130</u>	<u>609,619</u>
Contribution Deficiency/(Excess)	<u>\$ 1,059</u>	<u>\$ 719</u>	<u>\$ 79,699</u>	<u>\$ 862</u>
Covered-Employee Payroll	\$ 1,476,922	\$ 1,417,714	\$ 1,397,745	\$ 1,342,728
Contributions as a Percentage of Covered-Employee Payroll	55.85%	55.93%	50.23%	45.40%

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED APRIL 30, 2019

	BUDGETED AMOUNTS <u>ORIGINAL AND FINAL</u>	ACTUAL AMOUNTS <u>                    </u>
REVENUES		
Local Taxes		
Property Tax	\$ 1,013,504	\$ 988,991
Property Tax - Police Pension	-	824,793
Property Tax - Road and Bridge	25,000	23,376
Sales Tax	665,000	669,060
Local Use Tax	213,827	213,827
Telecommunication Tax	210,000	185,307
Utility Tax - Gas	95,000	115,697
Utility Tax - Electric	290,000	302,488
Intergovernmental		
State Income Tax	854,476	848,655
State Replacement Tax	10,000	13,381
Licenses and Permits		
Amusement Licenses	2,300	900
Building Permits	70,000	164,314
Business Registration Fees	5,450	4,825
Landscaping Inspection Fees	500	100
Liquor Licenses	20,300	18,800
Site Development Permits	772	2,841
Vehicle Licenses	94,000	96,157
Vending Licenses	3,525	1,277
Watershed Permit	200	50
Fines		
Court Fines	90,000	121,024
DUI Fines	-	19
Parking and Other Fines	45,000	74,737
Other		
Cable Franchise Fees	165,000	150,459
Computer Fund	1,200	3,254
Grant Revenue	-	1,787
Investment Income	45,000	93,359
Police Reports	500	1,435
School Resource Officer Fees	65,000	64,768
Zoning Books, Maps and Hearing Fees	800	-
Other Revenue	20,280	112,578
Total Revenues	<u>\$ 4,006,634</u>	<u>\$ 5,098,259</u>
EXPENDITURES		
CURRENT		
General Government		
Personnel Salaries	\$ 323,200	\$ 317,247
Health Insurance Premiums	42,000	47,854
Training	8,656	8,928
Legal and Professional Fees	67,500	72,475
Computer Services	21,357	22,571
Maintenance	2,984	3,106
Printing and Publishing	18,200	6,575
Public Relations	-	60
Office Supplies	8,546	5,271
Credit Card Fees	600	833
Miscellaneous	8,000	8,157
	<u>\$ 501,043</u>	<u>\$ 493,177</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS</u> <u>ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
EXPENDITURES (Continued)		
CURRENT (Continued)		
Police		
Personnel Salaries	\$ 1,766,378	\$ 1,823,209
Employee Retirement	-	824,793
Health Insurance Premiums	260,000	267,012
Physicals/Testing	1,500	-
Uniforms	18,000	29,860
Training	15,560	17,450
Range	11,100	12,557
Legal and Professional Fees	30,000	26,561
Dispatching	81,068	81,053
Radios	9,384	10,608
Computer Services	-	78
Vehicle Maintenance	7,500	5,069
Equipment Maintenance	6,950	5,915
Fuel	30,000	30,663
Vehicle Supplies	18,000	12,958
Police Commission	600	3,098
Printing	5,500	5,690
Office Supplies	13,400	13,653
Miscellaneous	27,354	29,823
	<u>\$ 2,302,294</u>	<u>\$ 3,200,050</u>
Streets		
Personnel Salaries	\$ 346,900	\$ 353,919
Health Insurance Premiums	62,000	63,790
Physicals/Testing	2,000	-
Uniforms	3,000	2,696
Training	2,000	2,195
Engineering	8,000	8,326
Vehicle Maintenance	12,500	14,038
Fuel	22,500	22,563
Street Sweeping	122,000	110,284
Vehicle Supplies	30,000	22,104
Maintenance	143,000	150,847
Electric	140,000	135,097
Supplies	12,000	11,531
	<u>\$ 905,900</u>	<u>\$ 897,390</u>
Building and Grounds		
Engineering and Inspector Fees	\$ 85,000	\$ 80,673
Maintenance	19,000	22,882
Supplies	35,000	23,422
Cleaning	8,546	6,960
Telephone	15,000	16,138
	<u>\$ 162,546</u>	<u>\$ 150,075</u>
CAPITAL OUTLAY		
General Government	\$ 2,500	\$ 2,948
Police	68,000	803
Streets	50,800	-
Building and Grounds	6,700	1,801
	<u>\$ 128,000</u>	<u>\$ 5,552</u>
Total Expenditures	<u>\$ 3,999,783</u>	<u>\$ 4,746,244</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 6,851</u>	<u>\$ 352,015</u>
OTHER FINANCING SOURCES/(USES)		
Sale of Assets	\$ -	\$ 6,265
Transfers	<u>-</u>	<u>(240,455)</u>
	<u>\$ -</u>	<u>\$ (234,190)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 6,851</u></u>	<u>\$ 117,825</u>
FUND BALANCE - MAY 1, 2018		<u>2,114,974</u>
FUND BALANCE - APRIL 30, 2019		<u><u>\$ 2,232,799</u></u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
MOTOR FUEL TAX FUND  
YEAR ENDED APRIL 30, 2019

	<u>BUDGETED AMOUNTS ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
REVENUES		
Intergovernmental		
State Motor Fuel Tax	\$ 225,081	\$ 235,843
Other		
Interest	3,000	8,073
Total Revenues	<u>\$ 228,081</u>	<u>\$ 243,916</u>
EXPENDITURES	<u>\$ 636,876</u>	<u>\$ 563,151</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (408,795)	\$ (319,235)
OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (408,795)</u>	\$ (319,235)
FUND BALANCE - MAY 1, 2018		<u>795,750</u>
FUND BALANCE - APRIL 30, 2019		<u>\$ 476,515</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA  
COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2019

	Mansion Fund	Metra Fund	Liability Insurance Fund	Retirement Fund	Celebration of Summer Fund	Special Events Fund	Drug Seizure Fund	DUI Fund	Public Works Fleet Replacement Fund	Squad Car Fund	Park Capital Fund	Downtown TIF Fund	Business District #1 Fund	General Capital Fund	Total
<b>ASSETS</b>															
Cash and Cash Equivalents	\$ 4,546	\$ 40,561	\$ 48,956	\$ 70,725	\$ 7,834	\$ 917	\$ 17,528	\$ 16,619	\$ 102,229	\$ 90,980	\$ 248,192	\$ 197,876	\$ 222,645	\$ 1,320,681	\$ 2,390,289
Other Assets	-	-	-	-	-	-	-	-	-	-	-	250,000	-	-	250,000
<b>Total Assets</b>	<b>\$ 4,546</b>	<b>\$ 40,561</b>	<b>\$ 48,956</b>	<b>\$ 70,725</b>	<b>\$ 7,834</b>	<b>\$ 917</b>	<b>\$ 17,528</b>	<b>\$ 16,619</b>	<b>\$ 102,229</b>	<b>\$ 90,980</b>	<b>\$ 248,192</b>	<b>\$ 447,876</b>	<b>\$ 222,645</b>	<b>\$ 1,320,681</b>	<b>\$ 2,640,289</b>
<b>LIABILITIES</b>															
Refundable Deposits	\$ -	\$ 191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	250,000	(5,000)	(250,000)	(5,000)
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 191</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,000</b>	<b>\$ (5,000)</b>	<b>\$ (250,000)</b>	<b>\$ (4,809)</b>
<b>FUND BALANCE</b>															
Restricted	\$ -	\$ 40,370	\$ 48,956	\$ 70,725	\$ 7,834	\$ 917	\$ 17,528	\$ 16,408	\$ -	\$ 90,796	\$ 172,240	\$ 117,811	\$ -	\$ 1,570,681	\$ 2,154,266
Assigned	4,546	-	-	-	-	-	-	211	102,229	184	75,952	80,065	227,645	-	490,832
<b>Total Fund Balance</b>	<b>\$ 4,546</b>	<b>\$ 40,370</b>	<b>\$ 48,956</b>	<b>\$ 70,725</b>	<b>\$ 7,834</b>	<b>\$ 917</b>	<b>\$ 17,528</b>	<b>\$ 16,619</b>	<b>\$ 102,229</b>	<b>\$ 90,980</b>	<b>\$ 248,192</b>	<b>\$ 197,876</b>	<b>\$ 227,645</b>	<b>\$ 1,570,681</b>	<b>\$ 2,645,098</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,546</b>	<b>\$ 40,561</b>	<b>\$ 48,956</b>	<b>\$ 70,725</b>	<b>\$ 7,834</b>	<b>\$ 917</b>	<b>\$ 17,528</b>	<b>\$ 16,619</b>	<b>\$ 102,229</b>	<b>\$ 90,980</b>	<b>\$ 248,192</b>	<b>\$ 447,876</b>	<b>\$ 222,645</b>	<b>\$ 1,320,681</b>	<b>\$ 2,640,289</b>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2019

	Mansion Fund	Metra Fund	Liability Insurance Fund	Retirement Fund	Celebration of Summer Fund	Special Events Fund	Drug Seizure Fund	DUI Fund	Public Works Fleet Replacement Fund	Squad Car Fund	Park Capital Fund	Downtown TIF Fund	Business District #1 Fund	General Capital Fund	Total
<b>REVENUES</b>															
Local Taxes															
Property Taxes	\$ -	\$ -	\$ 187,738	\$ 259,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,200	\$ -	\$ -	\$ 579,272
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	176,650	-	176,650
Local Use Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	44,619	44,619
Intergovernmental															
Video Gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	140,193	140,193
Fines															
DUI Fines	-	-	-	-	-	-	-	3,945	-	-	-	-	-	-	3,945
Other															
Interest	180	201	-	-	-	-	-	-	-	-	-	344	3,878	-	4,603
Rent	69,262	-	-	-	-	-	-	-	-	-	-	-	-	32,602	101,864
Parking Fees	-	34,590	-	-	-	-	-	-	-	-	-	-	-	-	34,590
Donations	-	-	-	-	24,758	-	-	-	-	-	-	-	-	-	24,758
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	29,505	29,505
Other Revenue	7,897	-	-	-	-	22,869	10,777	2,539	-	-	74,043	-	-	4,924	123,049
Total Revenues	\$ 77,339	\$ 34,791	\$ 187,738	\$ 259,334	\$ 24,758	\$ 22,869	\$ 10,777	\$ 6,484	\$ -	\$ -	\$ 74,043	\$ 132,544	\$ 180,528	\$ 251,843	\$ 1,263,048
<b>EXPENDITURES</b>															
Current	\$ 94,573	\$ 18,179	\$ 235,959	\$ 341,049	\$ 21,447	\$ 29,409	\$ -	\$ -	\$ 129,272	\$ -	\$ -	\$ 14,389	\$ -	\$ -	\$ 884,277
Capital Outlay	16,043	-	-	-	-	-	-	2,640	82,543	47,804	129,832	-	44,503	379,916	703,281
Total Expenses	\$ 110,616	\$ 18,179	\$ 235,959	\$ 341,049	\$ 21,447	\$ 29,409	\$ -	\$ 2,640	\$ 211,815	\$ 47,804	\$ 129,832	\$ 14,389	\$ 44,503	\$ 379,916	\$ 1,587,558
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>															
	\$ (33,277)	\$ 16,612	\$ (48,221)	\$ (81,715)	\$ 3,311	\$ (6,540)	\$ 10,777	\$ 3,844	\$ (211,815)	\$ (47,804)	\$ (55,789)	\$ 118,155	\$ 136,025	\$ (128,073)	\$ (324,510)
<b>OTHER FINANCING SOURCES/(USES)</b>															
Proceeds from Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,197
Transfers	(9,445)	(7,199)	60,822	86,222	-	-	-	-	127,000	68,000	-	-	-	121,655	447,055
Total Other Financing Sources/(Uses)	\$ (9,445)	\$ (7,199)	\$ 60,822	\$ 86,222	\$ -	\$ -	\$ -	\$ -	\$ 139,197	\$ 68,000	\$ -	\$ -	\$ -	\$ 121,655	\$ 459,252
NET CHANGE IN FUND BALANCES	\$ (42,722)	\$ 9,413	\$ 12,601	\$ 4,507	\$ 3,311	\$ (6,540)	\$ 10,777	\$ 3,844	\$ (72,618)	\$ 20,196	\$ (55,789)	\$ 118,155	\$ 136,025	\$ (6,418)	\$ 134,742
FUND BALANCES - MAY 1, 2018	47,268	30,957	36,355	66,218	4,523	7,457	6,751	12,775	174,847	70,784	303,981	79,721	91,620	1,577,099	2,510,356
FUND BALANCES - APRIL 30, 2019	\$ 4,546	\$ 40,370	\$ 48,956	\$ 70,725	\$ 7,834	\$ 917	\$ 17,528	\$ 16,619	\$ 102,229	\$ 90,980	\$ 248,192	\$ 197,876	\$ 227,645	\$ 1,570,681	\$ 2,645,098

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VILLAGE OF LAKE VILLA  
NOTES TO SUPPLEMENTARY INFORMATION  
APRIL 30, 2019

**NOTE 1 - BUDGETS**

A proposed operating budget for the fiscal year commencing the following May 1 is submitted to the Board of Trustees. The operating budget includes proposed disbursements and the means of financing them. Public hearings are conducted to obtain taxpayer comments.

The budget is legally enacted through passage of an ordinance. The budget was passed on April 25, 2018 and amended on July 25, 2018. Budget amounts reflected on the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual reflect the Village's internal working budget amounts which are lower than legal budget amounts. Therefore, all funds operated within legal budgets.

**NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended April 30, 2019, the following funds had expenditures that exceeded the budget:

Fund	Actual	Budget	Excess of Actual Over Budget
General Fund	\$ 4,746,244	\$ 3,999,783	\$ 746,461