



Village of Lake Bluff, Illinois



**NORTH SHORE LIFE
LAKE BLUFF STYLE**

Comprehensive Annual Financial Report

For year ending April 30, 2016

VILLAGE OF LAKE BLUFF, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2016

Prepared by
Finance Department

Susan M. Griffin
Director of Finance

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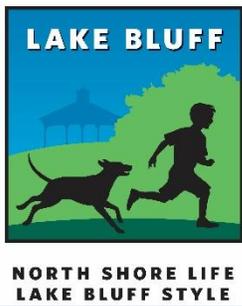
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INTRODUCTORY SECTION



VILLAGE OF LAKE BLUFF ILLINOIS

PRINCIPAL OFFICIALS

VILLAGE BOARD OF TRUSTEES

Kathleen O'Hara, President

Barbara Ankenman

Steve Christensen

Mark Dewart

Eric Grenier

John Josephitis

William Meyer

Aaron Towle, Village Clerk

ADMINISTRATION

R. Drew Irvin, Village Administrator

Susan M. Griffin, Director of Finance

David Belmonte, Police Chief

Michael Croak, Building Code Supervisor

N. David Graf, Fire Chief

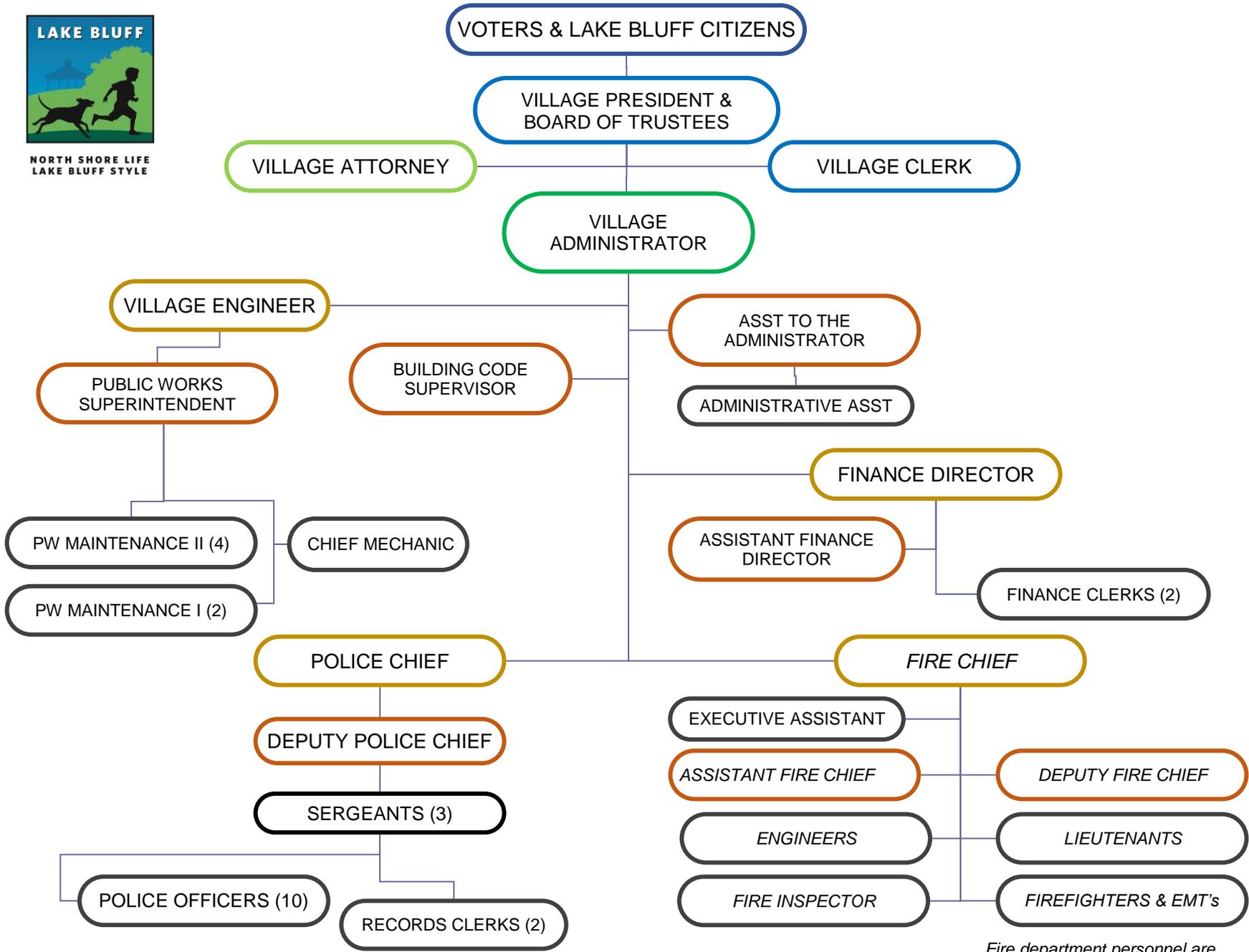
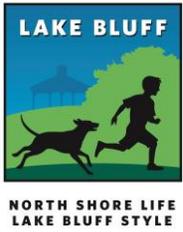
Jeff Hansen, Village Engineer

Marlene Scheibl, Assistant Finance Director

Brandon Stanick, Asst. to the Village Administrator

Peter M. Friedman, Village Attorney

Holland & Knight, LLP



Fire department personnel are volunteers except the Executive Assistant



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Lake Bluff
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

Executive Director/CEO



September 15, 2016

The Honorable Village President
Board of Trustees
Village Administrator
Village of Lake Bluff
Lake Bluff, Illinois 60044

The Comprehensive Annual Financial Report (“CAFR”) of the Village of Lake Bluff, Illinois (“Village”) for the fiscal year ended April 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The Village’s financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The objective of the independent audit was to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors report on pages 1-3 rendered an unmodified opinion that the Village’s financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Village was not required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* during fiscal year 2015.

GAAP requires that management provide a Management Discussion and Analysis (“MD&A”) narrative providing an introduction, overview, and analysis to accompany the basic financial statements. This transmittal letter is designed to complement the MD&A which begins on page MD&A1.

The Village’s financial reporting entity excludes the Lake Bluff Public Library in compliance with Governmental Accounting Standards Board (“GASB”) Statement 61, which amends GASB Statements 14 and 34 regarding the inclusion of component units in the financial reporting entity. The Lake Bluff Public Library is fiscally dependent upon the Village, but functions as a separate legal entity; therefore, it is not reflected in the financial statements as a discretely presented component unit of the Village. The Library issues a separate financial report which can be obtained by contacting the Library Director at 123 E. Scranton Ave, Lake Bluff, IL 60044 or on the Library website at lakebluffpubliclibrary.org.

The Village has implemented the reporting requirements pursuant to GASB Statement 67 “*Financial Reporting for Pension Plans*” and GASB Statement 68 “*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*” which applies to the Lake Bluff Police Pension Plan established under 40 Illinois Compiled Statutes (ILCS) 5/3-101 and the Illinois Municipal Retirement Fund obligations. The impact of these accounting rules is the appearance of the net pension liability on the government wide financial statements.

This CAFR includes all funds and activities of the Village. The Village provides a full range of services including police and fire protection; maintenance of streets and infrastructure; sanitation collection; water distribution; and planning, zoning, and general administrative services.

Village Profile

The Village of Lake Bluff was incorporated in 1895 and operates under the Board/Administrator form of government. The Village is a small, predominately residential community located on the shores of Lake Michigan; Lake Bluff is 35 miles north of Chicago in Lake County and has a land area of 4.5 square miles. The Village is distinguished by its mature trees, natural ravines, open spaces, dramatic bluffs, and shoreline. The population, as certified by the 2010 census, is 5,722, which represents a 5.5% decrease from the 2000 census of 6,056. The 2015 Equalized Assessed Valuation (EAV) for the Village is \$521,831,874 or 8.8% more than the 2014 EAV of \$479,518,737. This growth halts a five year decline in the Village’s EAV. The 2015 property tax levy will be collected and recorded as revenue in the next fiscal year.

On April 5, 2005, the voters approved the home rule referendum for the Village of Lake Bluff. Home rule status provides financial and legislative flexibility to a community resulting in decisions that better reflect the Village’s interests. Home rule is granted to a community either by attaining a population of 25,000 or by voter referendum. In 1991 the State of Illinois enacted the Property Tax Limitation Act (PTELL), which limits property tax increases to the lower of 5% or the Consumer Price Index, with some exceptions for annexed areas, new construction, and increases approved by referendum. As a result of voter approval of home rule, and consistent with presentations to the public, the Village Board enacted some revenue enhancements that allow it to continue to comply with the PTELL (even though it is not applicable to home rule governments) and diversify its revenue stream.

The Village's Industrial/Commercial Corridor Business District (ICCBD) located along the southeastern portion of Rt. 43 and Rt. 176 is comprised of manufacturing, service, and retail firms. Sales tax is the second largest revenue source after property taxes (when including the Police Pension property tax.) The Village continues to receive substantial sales tax revenue from businesses in this area like the Knauz Auto Park which includes BMW, Mercedes, Land Rover, Mini, SmartCar, and Hyundai dealerships; Imperial Motors Jaguar dealership; The Exchange Group Chevrolet dealership; and the Lake Forest Sportscar dealership which sells ultra-high performance automobiles. In addition to the ICCBD, the Village has a historic Central Business District (CBD) in its downtown with retail shops and service businesses. The vacant Shepard Chevrolet site was redeveloped into a Target store along with several retail and franchise food establishments. The July 2015 opening of these businesses has had a discernable impact on sales tax receipts. Sales tax revenues, including home rule sales taxes, of \$3.63 million represents 38% of the General Fund revenues, up from 32% in the prior year. Automobile and auto-related sales tax revenues represents 73% of the \$2.79 million from the state-shared sales tax (auto sales are exempt from the 1% home rule sales tax) received in FY2016 down from 80% in the prior fiscal year.

Major Initiatives

For the year ended April 30, 2016

The focus this fiscal year continues to be about the financial sustainability of providing services in an unpredictable economic environment. Municipalities in Illinois continue to have significant concerns about the state's fiscal situation and its potential effect on the municipal allocation of state-shared revenues such as income tax, sales tax, personal property replacement tax and motor fuel tax. The consolidation of dispatch services and the creation of an IT Consortium are the results of participation in the Municipal Partnering Initiative and other shared service explorations. As for a snapshot of the commercial and residential development initiatives, the Village completed its building and zoning review processes to advance the redevelopment of a large vacant commercial parcel to attract Target with adjacent smaller retail stores and continues to oversee residential subdivisions in various stages of development.

Fiscal year 2015-16 was focused on (i) maintaining current fund balance at or above Village minimum levels; (ii) controlling operational costs; (iii) continuing reinvestment in Village infrastructure; and (iv) continuing to deliver quality and efficient services residents expect from the Village of Lake Bluff. Available Village resources were focused on these major priorities, with the following specific accomplishments:

1. Maintain the delivery of high-quality cost effective municipal services.
 - a. Completed first full year of outsourced public safety dispatch to the Village of Glenview. This action reduced the Village full time staff by three positions and is projected to result in \$900k in savings over the 7-year contract.
 - b. Concluded the recruitment and hiring process to replace the Village Engineer and the Chief Mechanic.
 - c. Obtained Tree City USA designation for the 20th consecutive year.
 - d. Maintained Police department accreditation by the Commission for Accreditation of Law Enforcement Agencies (CALEA), assuring compliance with the standards of a professional law enforcement agency.
 - e. Continued participation in the tri-board committee of Village, School District 65, and Park District board members to increase communication and coordination, and to explore shared service opportunities.
 - f. Continued participation in the Municipal Partnering Initiative and other shared service explorations.
2. Heighten the community's sense of connection and shared values and foster a business climate that sustains a robust and stable local economy.
 - a. Continued implementation of initiatives to promote the Village brand through various channels.
 - b. Facilitated the redevelopment of the vacant Shepard Chevrolet property into a Target store with three outlot buildings with retail tenants.
 - c. Continued to lead and finalize the development of a design plan (Phase 1) for the reconfiguration of Rt. 176 and Rt. 41 interchange (both are State-owned roads) including facilitating resident workshops; fully funded by federal and state grants.
 - d. Assisted with the successful annual Lake Bluff Bicycle Criterium along with the Community Block Party.
 - e. Continued reviewing and updating the 1997 Comprehensive Plan.
 - f. Continued implementation of Waukegan Road Corridor opportunities and recommendations of the Development & Downtown Committee (DDC).

3. Preserve sound financial management.
 - a. Developed the first biennial budget for FY17 and FY18.
 - b. Levied a Village property tax within the Property Tax Limitation Act amount.
 - c. Received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation award and Certificate of Achievement for Excellence in Financial Reporting.
 - d. Maintained Aaa bond rating from Moody's credit rating agency.
4. Safeguard capital assets.
 - a. Completed pedestrian crossing safety improvements at Sheridan Road and Scranton Ave (train station).
 - b. Completed lighting and paving improvements to train station parking lot to encourage downtown merchant parking in designated spaces.
 - c. Completed replacement of water valves on the west side of the Village.
 - d. Expended \$747k for annual street resurfacing program.
 - e. Updated and expanded from 5 to 10 years the Village multi-year capital plan and vehicle and equipment replacement schedule.

These projects were funded through current operating revenues, a strategic reduction of excess fund balance reserves, and grant revenues.

For the Future

While the recession created challenges, the Village is committed to maintaining aging public facilities and infrastructure, preserving the safety and welfare of the public, respecting and sustaining the architectural and environmental character of the community, fostering the volunteer spirit and intergovernmental cooperatives, and supporting the advanced level of public services provided to the residents.

Below is a short description of some of the more significant initiatives proposed for the coming year. These projects are anticipated to be funded through current operating revenues, grant revenues, and an intentional use of excess governmental fund reserves.

- ❖ Replace obsolete meters and implement an automatic water reading system to improve the water system infrastructure.
- ❖ Construct pedestrian/bicycle path to connect the public safety building area with the Grand Illinois Bike Trail on the west side of Sheridan Road funded with a state grant of \$68 thousand.
- ❖ Replace enterprise resource planning (ERP) software system.
- ❖ Initiate Waukegan Road Business Park study recommendations to reposition the area for the next decade.
- ❖ Continue multi-year program to replace pumps, piping, and control systems for the six sanitary sewer lift stations.
- ❖ Finalize the revisions to the 1997 Comprehensive Plan and Zoning Code.
- ❖ Participate in North Shore Cable Consortium to more effectively provide public access programming and production.
- ❖ Continue the annual street resurfacing and roadway improvements program.
- ❖ Seek community input and refine the Village's Comprehensive Land Use Plan for the CBD.
- ❖ Engage stakeholders and facilitate a new Strategic Plan.

Financial Information

Management of the Village is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Village are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concepts of reasonable assurance recognize that: (1) the costs of the controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The Village has significant financial and debt policies that guide the development of the annual budget and set the framework for the preparation of the current period financial statements. The Village observed these significant policies in the financial management of the organization: (i) avoided the use of short-term debt and maintained debt within self-imposed limits, (ii) engaged a reputable firm to perform an independent audit, and (iii) complied with Generally Accepted Accounting Principles as outlined by the Governmental Accounting Standards Board (GASB) in the production of this report.

Budgeting Controls. In addition to its fiscal policies, the Village maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Village Board. Activities of the General Fund, special revenue funds, debt service funds, capital project funds, enterprise fund, and pension trust fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Encumbrance accounting is not used by the Village. All annual appropriations lapse at fiscal year-end and are generally reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the Village continues to meet its responsibility for sound financial management. The Village's Finance Committee, which consists of three Village Trustees, the Village President, the Village Administrator, and the Finance Director meet regularly to review financial schedules and reports.

Police Pension Trust Fund. The Village maintains a Police Pension Trust Fund mandated by state law for sworn police officers. The net position held in trust for the Police Pension Fund as of April 30, 2016 is \$8.813 million, down 1.4% from \$8.934 million as of April 30, 2015. The Police Pension Fund is 51.89% funded (under GASB 67/68 principles), with a net pension liability of \$8.170 million; this is a decline from a funded level of 58.10% with a net pension liability of \$6.443 million for the prior year. Several factors influence the net pension liability of pension plans, including the rate of return on investments, state law changes increasing benefits, the addition of officers to the plan, and disability benefits. The interest rate assumption is 7% aligning with expected average long-term returns based on the portfolio composition, investment philosophy and recent past performance. The Police Department consists of 15 members comprised of a Chief, a Deputy Chief, 3 Sergeants, and 10 Patrol officers; however, the Deputy Chief is not a member of the Pension Fund. The Pension Fund currently pays benefits to 13 annuitants. Total benefits decreased by 0.1% to \$769,893 from \$771,609 in the prior fiscal year. The reason for this decline is due to the passing of a widow in January 2016.

Cash management policies and practices. Cash temporarily idle during the year may be invested in demand deposits, certificates of deposit, the Illinois Funds, commercial paper, and obligations of the U.S. Treasury and Government Agencies. State law also allows the pension trust funds to invest up to 50% of the fund's assets in separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate, and mutual funds managed by an investment company registered under Illinois Securities Law of 1953 and the Federal Investment Company Act of 1940.

The Village's investment policy details the cash management objectives and the guidelines for investing Village cash. The Village's investment goal is to minimize credit and market risks while maintaining a competitive yield on its portfolio. In addition, funds on deposit in excess of FDIC limits must be secured by collateral held in safekeeping by a third party. The Police Pension Fund has a separate investment policy, which articulates the expanded investment instruments allowed by law for pension funds.

The Village earned \$18,775 on all Governmental and Water Fund investments for the year ended April 30, 2016. This represents \$6,364 or a 51% increase from last year despite the continued short-term interest rates at less than 2% mostly due to an increase in available cash.

The Police Pension Fund realized interest on investments before net depreciation in the fair value of the portfolio of \$199,068. The investment fair value loss of \$275,884 is predominately due to a decline in the value of actively managed mutual funds and stocks. This induced a reallocation of a portion of the equity portfolio to S&P index mutual funds. After investment expenses the net investment loss was \$115,377 or 95% of the total decrease in the net position of \$120,912. The investment loss reduced the total additions from of \$774,586 to \$659,209 and the benefits and administrative deductions were \$780,121. Typically the Pension Fund earns higher yields attributable to the long-term character of its investment holdings and the equity investments allowed by law.

Other Information

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Bluff for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the Certificate of Achievement program requirements and we will be submitting it for consideration.

Acknowledgments. The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of Marlene Scheibl, Gail Ciolek, Tom Dunne and Carol Weatherall. The entire Village staff has our sincere appreciation for their compliance with Village policies and procedures, which assists the finance department in ensuring that the financial statements are consistent and free of material misstatements.

In closing, without the leadership and support of the Village President and Board of Trustees, preparation of this report would not have been possible. We can be reached at dirvin@lakebluff.org or sgriffin@lakebluff.org.

Sincerely,



R. Drew Irvin
Village Administrator



Susan Griffin
Finance Director

FINANCIAL SECTION



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Village President
Members of the Board of Trustees
Village of Lake Bluff, Illinois

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake Bluff, Illinois as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 13, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses, modified certain disclosures in the notes to the financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplemental data and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplemental data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Sikich LLP

Naperville, Illinois
September 15, 2016

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended April 30, 2016

As management of the Village of Lake Bluff, Illinois ("the Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Lake Bluff for the fiscal year ended April 30, 2016 with comparisons to the fiscal year ended April 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

This management discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the Village's financial activity; (3) clarify the Village's financial position and ability to address future challenges; (4) identify material deviations from the budget; and (5) identify concerns specific to individual funds. The Village's basic financial statements are comprised of 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.

FINANCIAL HIGHLIGHTS

- The Village obtained an unmodified opinion from the independent audit firm, Sikich LLP.
- The Village's prior year net position was reduced by \$7.09 from \$30.74 to \$23.65 million due to the change in accounting principle from the implementation of GASB Statement 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*". A significant impact of this accounting rule is the appearance of the net pension liability on the Statement of Net Position and pension expense in the Statement of Activities.
- The Village's total net position remain unchanged at \$23.65 million as of April 30, 2016. The modest increase in net position by \$1,556 (after the prior period adjustment of \$7.09 million for GASB 68) is due to an increase in the Governmental Funds of \$159,307 offset by a decline in the Water Fund of \$157,751. Net position restricted for employee benefits decreased by \$228,082 from a one-time expenditure to the Illinois Municipal Retirement Fund ("IMRF") for an accelerated pension payment as required by law and a planned reduction in excess reserves.
- The Village's net investment in capital assets of \$22.65 million equals the capital assets net of accumulated depreciation of \$25.43 million minus \$2.78 million in outstanding related debt. This decline from the prior year net investment in capital assets of \$113,337 from \$22.76 to \$22.65 million is the result of capital infrastructure spending less than the depreciation expense.
- Government-wide expenses were \$11.52 million, funded with program revenues of \$2.91 million and property, sales, utility, income and other taxes, interest, and miscellaneous revenues of \$8.62 million; with the difference accounting for the increase in net position during the fiscal year of \$1,556.
- The General Fund (the Village's main operating fund) ended the year with a fund balance of \$6.76 million up from \$6.15 million as of April 30, 2015. This fund balance represents 79% of the operating expenditures not including inter-fund transfers out, exceeding the Village's policy to maintain 50% of operating expenditures to provide expanded flexibility and cash flow during these times of economic volatility and because of an increased reliance on sales tax revenue.

OVERVIEW OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The first government-wide statement is the **Statement of Net Position** that presents information about all of the Village's assets and liabilities, with the differences reported as net position. Over a multiyear period, an increase or decrease in net position can detect an improvement or deterioration in the financial position of the Village. Additionally, one would need to evaluate non-financial factors, such as the condition of Village

infrastructure, the satisfaction of constituents, and other information beyond the scope of this report to make a more complete assessment of whether the Village as a whole has improved.

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

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Village of Lake Bluff's governmental activities include general government, public safety, and public works. The Village's only business-type activity relates to water purchase and distribution. The Police Pension fiduciary activity is not available to fund Village programs and, therefore, is not included in the government-wide statements, but is presented in this document after the Village-wide statements.

The Village's financial reporting includes the funds of the Village primary government. *The government-wide financial statements are presented on pages 4-6 of this report.*

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental funds. Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Unlike the government-wide financial statements, governmental fund financial information focuses on near-term *flow* of spendable resources, as well as on *the balance* of spendable resources available at the end of the fiscal year. It is useful to compare the information presented for governmental *funds* with similar information presented for governmental *activities* in the government-wide financial statements. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental *funds* and governmental *activities*. *The basic governmental fund financial statements can be found on pages 7-10 of this report.*

The Village of Lake Bluff has 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund because it is a major fund. Major funds are defined as those governmental or enterprise funds' whose total assets, liabilities, revenues, and expenditures/expenses are at least 10% of the totals for all funds of that category (governmental or enterprise) and at least 5% of the combined governmental and enterprise funds. The remaining 10 funds' data is combined into a single column labeled "nonmajor" governmental funds. *Individual fund data for these nonmajor governmental funds is shown on pages 72-75 in this report.*

The Village has adopted an annual budget for all of its funds except the Special Service Area Bonds and Special Service Area Capital Project Funds which have no expenses. Budgetary comparison statements have been provided to demonstrate compliance with the budget for all other funds. *The actual to budget comparison statements for the General Fund and all other governmental funds can be found on pages 65-71 and 76-83, respectively.*

Proprietary funds. The Water Fund is the Village's only proprietary fund. There are two categories of proprietary funds: enterprise funds and internal service funds. The Water Fund, as an enterprise fund, reports business-type activities in the government-wide financial statements. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the

intent is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. An internal service fund is an accounting method used to accumulate and allocate costs internally among various governmental functions for services that predominantly benefit the government. The Village does not have any internal service funds. *The Water Fund financial activity is shown in more detail than the government-wide financial statements and can be found on pages 11-14 of this report.*

Fiduciary funds. The Police Pension Fund is the Village's only fiduciary fund. Fiduciary funds are not reflected in the government-wide financial statement because its resources are not available to support the Village's programs, but are used to account for resources held for the benefit of the eligible police officers. The accounting used for fiduciary funds is similar to that used for proprietary funds. *The Police Pension Fund financial statements can be found on pages 15-16 of this report.*

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. *The notes are preceded by an index which begins on page 17 of this report.*

Other information

In addition to the basic financial statements and accompanying notes, this report also encompasses certain required supplementary information concerning the Village's funding of pension benefit obligations to its employees, other post-employment benefit (OPEB) obligations, and budget information. Pursuant to GASB Statements 68 and 71 the Village's IMRF and Police Pension net pension liabilities are shown on the government-wide statements. *Required supplementary information can be found on pages 57-64 of this report.* Major funds are reported in the basic financial statements as discussed. *Combining and individual statements and schedules for nonmajor funds are presented in a subsequent section of this report beginning on page 72.*

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The largest portion of the Village's net position reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The Village uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. Further, the debt repayment is provided from other sources, since the capital assets cannot be used to liquidate the liabilities. **Exhibit A** below presents a summary of the primary government net position as of April 30, 2016 compared to April 30, 2015 by Governmental and Water (business-type) activities.

Village of Lake Bluff Net Position – Exhibit A

	Governmental Activities		Water Activities		Total	
	2016	2015	2016	2015	2016	2015
Current & other assets	\$12,884,877	\$12,113,929	\$ 1,479,218	\$1,578,641	\$14,364,095	\$13,692,570
Capital assets	19,219,773	19,519,965	6,213,247	6,402,542	25,433,020	25,922,507
Total assets	32,104,650	31,633,894	7,692,465	7,981,183	39,797,115	39,615,077
Deferred Outflows	1,535,972	77,869	174,510	96,430	1,710,482	174,299
Long term liabilities	11,216,880	2,495,117	1,692,170	1,746,617	12,909,050	4,241,734
Other liabilities	1,431,758	1,386,619	272,974	264,441	1,704,732	1,651,060
Total liabilities	12,648,638	3,881,736	1,965,144	2,011,058	14,613,782	5,892,794
Deferred Inflows	3,235,218	3,149,695	----	----	3,235,218	3,149,695
Net position:						
Net investment in capital assets	\$18,084,663	\$18,167,834	\$ 4,567,272	\$4,597,438	\$22,651,935	\$22,765,272
Restricted	1,070,532	1,181,045	----	----	\$ 1,070,532	1,181,045
Unrestricted	(1,398,429)	5,331,453	1,334,559	1,469,117	(63,870)	6,800,570
Total net position	\$17,756,766	\$24,680,332	\$ 5,901,831	\$6,066,555	\$23,658,597	\$30,746,887
Accounting Principle Ch	-----	\$(7,082,873)	-----	\$ (6,973)	-----	\$(7,089,846)
Net Position Restated	\$17,756,766	\$17,597,459	\$5,901,831	\$6,059,582	\$23,658,597	\$23,657,041

Management's Discussion and Analysis – Fiscal Year Ended April 30, 2016

At the fiscal year end April 30, 2016 the **primary government** total net position is \$23,658,597 or \$7,088,290 less than the net position at April 30, 2015. *This decrease is mainly attributed to a change in accounting principle for the recording of pension obligations in the amount of \$7,089,846 (a reconciliation of this amount is shown in the notes to the financial statements on page 56.)* After excluding the prior period adjustment to restate the FY15 net position, the rise in total net position is \$1,556 from \$23,657,041 to \$23,658,597.

Governmental activities combined *restricted* and *unrestricted* net position increased by \$159,307. The net investment in capital assets for governmental activities declined by \$83,171 as depreciation expense exceeded the addition of capital assets. **Governmental activities restricted** net position of \$1,070,532 is for street improvements, employee benefits and pensions, public safety E911 maintenance, fire service purposes, and debt repayment. These *restricted* amounts decreased by \$110,513 due to the use of these funds for their designated purposes. The **governmental activities unrestricted** net position increased by \$352,991 (after accounting for the change in principle of \$7,082,873) from (\$1,751,420) to (\$1,398,429). The total effect of these changes is the net position increase of \$159,307 in the governmental net position. The **water activities** total net position decreased by \$157,751 as a result of an operating loss of \$102,292 plus non-operating expenses of \$55,459. The 2016 deferred inflow of \$3,193,322 accounts for the 2015 property tax levy to be billed and collected in the next fiscal year. The increase of \$43,627 or 1.4% is attributed to the Consumer Price Index-Urban (“CPI-U”) factor of 0.8% and \$3 million of new construction added to the tax rolls. New this year is the deferred inflow of resources of \$41,896 for the Police Pension and deferred outflow of resources of \$715,399 for IMRF and \$845,108 for Police Pension obligations. A reconciliation of these amounts is shown on pages 43 and 52, respectively. The unamortized accounting loss on the advance refunding of the 2006 and 2004 bonds in the amounts of \$64,890 and \$85,085 are shown as a deferred outflow of resources in the Governmental and the Water activities, respectively. **Exhibit B** below presents a summary of governmental **revenues, expenses, and changes in net position** for the fiscal year ended April 30, 2016 compared to April 30, 2015.

Village of Lake Bluff Changes in Net Position – Exhibit B

	Governmental Activities		Water (Business-Type)		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charge for services	\$ 1,488,504	\$ 2,114,557	\$ 1,219,443	\$ 1,227,057	\$ 2,707,947	\$ 3,341,614
Operating grants and Contributions	174,456	218,883	52,700	----	227,156	218,883
Capital grants/donations	29,160	248,314	----	----	29,160	248,314
General revenues						
Property taxes	3,145,181	3,087,275	----	----	3,145,181	3,087,275
Sales taxes	3,634,671	3,080,871	----	----	3,634,671	3,080,871
Other taxes	1,617,381	1,623,366	----	----	1,617,381	1,623,366
Interest/Invest Income	15,926	9,955	2,849	2,456	18,775	12,411
Miscellaneous	146,935	98,831	471	449	147,406	99,280
<i>Subtotal general revenue</i>	8,560,094	7,900,298	3,320	2,905	8,563,414	7,903,203
Total revenues	10,252,214	10,482,052	1,275,463	1,229,962	11,527,677	11,712,014
Expenses:						
General government	2,224,260	1,951,673	----	----	2,224,260	1,951,673
Public safety	4,695,096	4,684,816	----	----	4,621,509	4,684,816
Public works	3,137,588	3,091,324	----	----	3,137,588	3,091,324
Debt service interest	35,963	38,059	----	----	35,963	38,059
Water	----	----	1,433,214	1,316,349	1,433,214	1,316,349
Total expenses	10,092,907	9,765,872	1,433,214	1,316,349	11,452,534	11,082,221
Incr/(Decr) in net position	159,307	716,180	(157,751)	(86,387)	1,556	629,793
Net position – May 1, 2015	\$24,680,332	\$23,964,152	\$6,066,555	\$6,152,942	\$30,746,887	\$30,117,094
Change in accounting	(\$7,082,873)	----	(\$6,973)	----	(\$7,089,846)	----
Net position–April 30, 2016	\$17,756,766	\$24,680,332	\$5,901,831	\$6,066,555	\$23,658,597	\$30,746,887

Governmental Activities

Total governmental revenues declined by \$229,838 from the prior year. Strong sales tax revenues from commercial redevelopment was offset by a significant decline in building permit fees. While total expenses increased by 2.6% or \$253,448, net position rose by \$232,894 because revenues exceeded expenses for the year. The difference in the net position increase as of April 30, 2016 compared to an increase in net position of \$716,180 as of April 30, 2015 is mostly attributed to the recording of pension expense for the unfunded portion of the liability.

Program Revenues

Charge for services in the governmental activities includes: building permits and related fees; fines and forfeitures; vehicle, business, and other licenses; sewer charge; and police and fire protection services provided to local unincorporated areas. Charge for services decreased by 30% or \$626,053 mostly attributed to building permit fees decline of 55% to \$476,631 this year from \$1,049,229 the prior year due to building permit fees from the Target development received in the prior year.

General Revenues

Village tax revenues are derived from a combination of the following sources: real estate, sales and local use, utility, personal property replacement, and motor fuel taxes. Property taxes continue to be a significant part of the Village's revenue structure, accounting for 31% of the revenues. Property tax revenue from the 2014 tax levy increased by 1.9% from the impact of the 1.5% Consumer Price Index (CPI) factor and the addition of new property to the tax rolls despite a decline of 1% in the equalized assessed value of taxable property. Sales taxes (including the home rule sales tax), which comprise the most significant source of governmental revenues at 35%, up from 29% the prior year, increased by 18% or \$553,800 due to the redevelopment of a vacant auto dealership site into a Target store with other smaller retail buildings on the perimeter and receipt of \$50,877 from the City of North Chicago pursuant to a sales tax sharing provision in a corridor agreement on the Village's northwestern boundary.

Other taxes category includes state shared income, personal property replacement, demolition, prepared food and beverage, telecommunications, and utility taxes. In the aggregate these revenues decreased by \$5,985 or 0.3%. Specifically, telecommunications, natural gas and electric utility taxes decreased by 10% or \$74,525 from the prior fiscal year due to lower natural gas and electric taxes attributed to the milder weather in 2015-2016. Income taxes increased by 8.8% or \$49,425 likely from corporate income tax receipts and capital gains taxable income. Municipalities receive one-tenth of the State's income tax receipts on a per capita basis. Miscellaneous revenue increased 48.7% or \$48,137 due to the increase in impact fees from residential development and from an increase in tree removal mitigation fees.

Governmental Expenses

Total governmental expenses increased by \$253,448 or 2.6% due to the recording of pension expense, an accelerated payment to IMRF, and an increase in part-time salaries offset by a decline in contracts and commodities expenses. Governmental expenses in the *Statement of Changes in Net Position* does not include spending for capitalized assets as these are shown as changes to the net position in fixed assets.

The general government expenses include the costs of the Administrator's Office, Finance, Engineering/Community Development, and Boards and Commissions departments. This category of expenses increased 14.0% or \$272,587. An increase in personnel expenses for the one-time accelerated payment to IMRF of \$193,279 and the changes in net pension liability for IMRF of \$73,168 accounted for this increase.

The public safety expenses are for the police sworn, dispatch, and fire departments. The Public Safety expenses increased 0.2% or \$10,280 notwithstanding the inclusion of \$17,329 for IMRF and \$208,299 for Police Pension change in net pension liability. Police officers personnel expenses increased by \$155,054 or 8.8% due to two officers on light duty for medical reasons requiring an increase in overtime and the retroactive pay upon resolution of the Sergeant's union contract. Police officers and public safety support staff represent 17 of the 35 full time Village employees. Public safety support operating costs declined by \$76,408 due to the first full year of savings from the outsourcing of police and fire dispatch services to the Village of Glenview. Further, in the prior year the Village made a capital contribution to the Village of

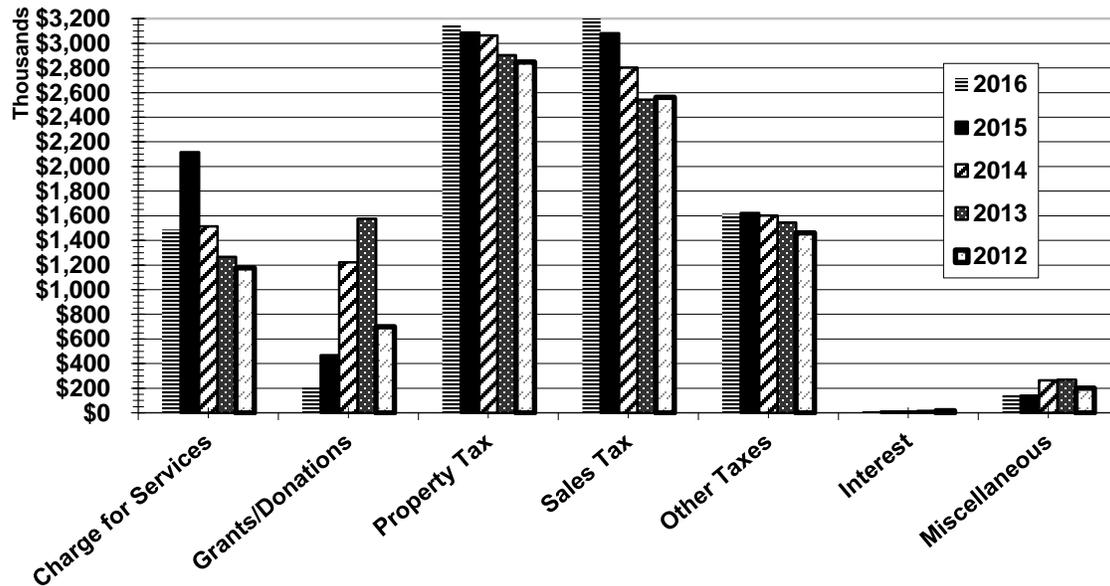
Glenview for start-up costs in the amount of \$191,237 which was not required in the current year. A decline in commodity costs contributed to the reduction in the overall expenses from the prior year.

The public works expenses include costs related to the maintenance of streets, bridges, sewers, street lights, forestry infrastructure, parkways, and sanitation and recycling collection. These expenses increased by 1.5% or \$46,264 due to an expansion of repaving projects accounting for \$265,165 and a change in net pension IMRF liability of \$44,285 in additional expenses. These increases were offset by a decrease of \$63,030 in contracts for the engineering studies to assess areas with storm water drainage issues after substantial rainfalls which was completed in the prior year and a decrease in costs associated with snow removal activities due to the unusually mild weather experienced in the winter season of 2015-2016.

Interest on long term debt decreased by \$2,096 or 5.5% as principal outstanding is reduced pursuant to the repayment terms and no new debt was incurred.

Exhibit C is a chart comparing the last five years of governmental revenues by source. Total sales tax revenue exceeded governmental funds' property tax revenue for the first time in over five years.

Village of Lake Bluff Governmental Revenues – Exhibit C



Water - Proprietary Activities

The water activities include the costs of purchasing and distributing potable water to the Village's 2,050 residential and business customers; reading the meters; billing and collections; and maintaining the related infrastructure. The Village purchases water from the Central Lake County Joint Action Water Agency (CLCJAWA) at a rate of \$2.68 per 1,000 gallons up from \$2.60 last year. Water purchases expense was \$8,937 more than the prior year of which \$18,640 is attributed to a decrease in water volume of 3.621 million gallons offset by \$9,703 ascribed to the wholesale water rate increase. Capital grants and contributions includes a \$52,700 for water system improvements that were donated to the Village by the developer of the Wimbledon Court subdivision.

The revenues reflect the sale of the water, connection fees, meter sales, and other miscellaneous fees. The Village charges its customers at a rate of \$6.95 per thousand gallons of water used, up from \$6.80 the prior fiscal year. This rate is calculated to sufficiently cover the wholesale rate, to adequately fund the annual water infrastructure maintenance costs, and to maintain required bond payment coverage. Water sales revenue, as the main component of the charge for services category, decreased \$42 from the prior fiscal year. The retail water rate change of \$0.15 accounted for \$24,150 of the increase in water sales revenue offset by a \$25,150

reduction in revenue attributed to the decline in consumption of 3.619 million gallons. The remaining difference of \$958 is due to changes in the per bill customer charge of \$7.50 and late fees. Water consumption is impacted by the spring and summer weather as usage increases during months with warmer temperatures and lower rainfall amounts. The debt service is for the interest expense associated with the issuance, in 2004, of \$3.06 million in alternate revenue bonds to finance water infrastructure improvement projects. The Village advance refunded this debt in October 2011 to reduce the net interest costs. The outstanding principal balance of this debt is \$1.690 million at fiscal year-end.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The focus of the Village's governmental funds is to provide information on current inflows, outflows, and balances of non-capital assets. Unrestricted fund balance serves as a useful measure of the Village's net resources available for spending at the end of the year. The governmental activities' total fund balance is \$8,534,062. The total fund balances grew by \$683,347 from 2015 to 2016 mainly because of the increase in sales taxes. On page 8 of the financial statements is a reconciliation of the differences between the net position and the fund balance. Generally, the fund balance does not include capital assets, long term debt payable, net pension and OPEB obligations, and the loss on refunding bonds. Capital expenditures reduce the fund balance but depreciation is not an expenditure in governmental funds.

Exhibit D is a chart showing the governmental fund balances as of April 30, 2016 compared to April 30, 2015 with the dollar and percentage change.

Village of Lake Bluff Governmental Fund Balances – Exhibit D

		Governmental Activities		Increase/Decrease from 2015	
		2016	2015	Percentage	Dollars
General	Major	\$6,760,228	\$ 6,152,817	21.9%	\$ 607,411
Redevelopment	Nonmajor	262,488	368,260	(2.3)	(105,772)
Motor Fuel Tax (MFT)	Nonmajor	324,554	177,843	(37.6)	146,711
Vehicle Replacement	Nonmajor	688,807	502,375	32.5	186,432
IL Municipal Retirement	Nonmajor	22,823	214,202	(14.6)	(191,379)
Federal Social Security	Nonmajor	139,481	176,184	(24.3)	(36,703)
E-911	Nonmajor	277,396	206,780	(36.4)	70,616
Fire Dept. Special	Nonmajor	30,343	24,345	(20.2)	5,998
SSA Bonds	Nonmajor	13,447	13,431	0.0	16
2006/2012 G.O. Bonds	Nonmajor	715	715	0.0	0
SSA Capital Projects	Nonmajor	13,780	13,763	0.0	17
Total		\$8,534,062	\$ 7,850,715	12.9%	\$ 683,347

Governmental Funds – Major and Nonmajor

Major

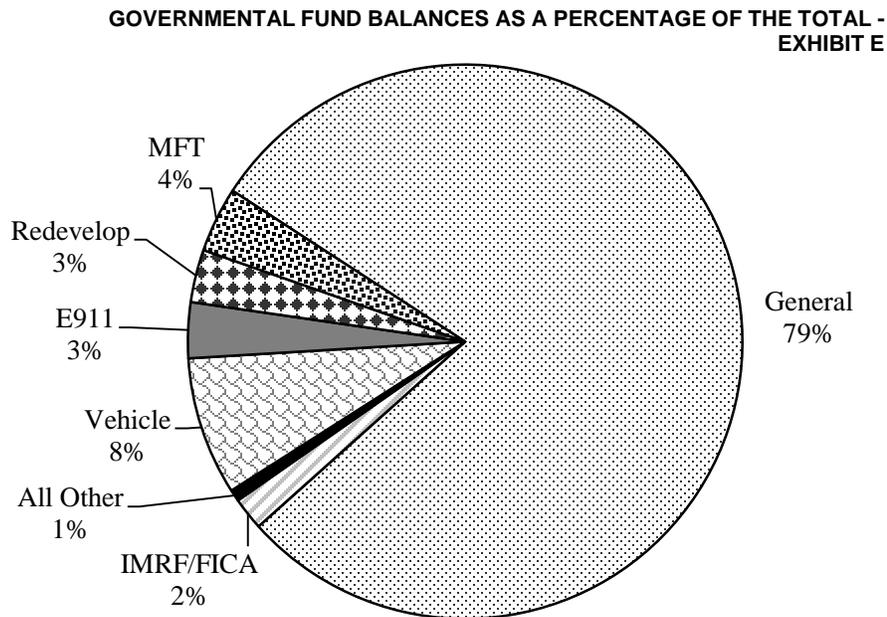
The General fund balance of \$6,760,228 reflects the available resources to finance the main operations of the Village of Lake Bluff. This fund balance exceeds the Village's policy of maintaining an amount equal to at least 50% of operating expenditures. The \$607,411 increase was the result of excess revenues over expenditures of \$1,120,204 reduced by total other financing uses (transfers to other funds) of \$512,793. Total revenues decreased from the prior year by \$23,435 or 0.2% while expenditures (not including other financing uses) increased by \$639,758 or 8.1%. This year the Village spent \$747,429 for resurfacing projects from the General Fund. In the past the General Fund transfers cash to the MFT Fund where expenditures are recorded. Transfers to other funds declined \$169,070 or 24.8% as the Village transferred \$182,000 from the General Fund to the MFT Fund last year but not this year.

Non-Major

The other governmental funds fund balances are required to be spent for their intended purpose. The non-major funds decreases in the fund balance are excess fund balances being used for their restricted purposes. The Motor Fuel Tax Fund monies are required to be utilized exclusively for maintenance of streets. This year

the Village did not spend any Motor Fuel Tax Funds for resurfacing projects as all \$747,429 spent on street resurfacing was from the General Fund. The decline in the Redevelopment Fund balance is attributed to the use of funds for the Moffett Road bridge culvert repairs. The IMRF and Social Security Pension Funds excess balances were used to minimize the impact on the property tax levy as the expenditures have decreased over the past few years as staffing levels have fallen from 50 to 35 full time employees. In FY16 the IMRF fund was reduced by \$193,279 for a required one-time accelerated payment. The E911 fund is for the maintenance of the Village’s police telecommunications system and in the prior year \$191,236 was contributed to the consolidated dispatch operations for required capital equipment. The Vehicle Replacement Fund balance is reserved for vehicles and major equipment replacements. The principal and interest payments for the 2012 G.O. refunding bonds are transferred from the General Fund to the bond fund annually based on the debt repayment schedule. The property tax levy for bonded debt has been abated each year and is expected to be paid with General Fund revenues in the future.

Exhibit E is a chart showing the governmental fund balances as a percentage of the total fund balance.



General Fund Budgetary Highlights

The General Fund budget was not modified during the year and actual expenditures did not exceed the budget. Commercial development fueled the rise in sales taxes. The General Fund expenditures and transfers to other funds were budgeted to exceed revenues and transfers in by \$305,224 in order to utilize excess fund balance reserves to maintain the Village’s capital assets. Actual revenues and other financing sources for the fiscal year of \$9,621,969 were \$150,947 or 1.5% less than projected. The General Fund expenditures and other financing sources of \$9,014,558 were \$1,063,582 or 11% less than budgeted due to conservative spending practices and the carry forward of some capital projects into the next fiscal year. The Village continues to evaluate purchasing opportunities and assess processes for cost savings without sacrificing service and quality.

Water - Proprietary Fund

The Water Fund had an operating loss of \$102,292 compared to operating loss of \$27,375 in the prior fiscal year. The Village sets a rate each year that is intended to cover the operating costs including depreciation. Actual operating revenues increased 3.7% or \$45,108 and the increase of 9.6% or \$120,025 in operating expenses correlates mainly to the change in accounting principle for recording net pension liability of \$100,660. Next fiscal year the Village intends to engage an engineering firm to assess the water infrastructure to address the higher than typical water loss ratio that has been experienced over the last few years.

Capital Assets and Debt Administration

Capital Assets. The Village's investment in capital assets, net of accumulated depreciation, for governmental activities was \$19,219,773 in fiscal year 2016 down from \$19,519,965 in fiscal year 2015. This decrease is attributable to the investment in capital assets during the year of less than the annual depreciation of assets. The net realizable capital asset investment for the Water Fund declined this fiscal year to \$6,213,247 from \$6,402,542 in fiscal year 2015 because the depreciation exceeded the investment in capital assets during the year as water infrastructure improvements are planned for the upcoming fiscal year. *Additional information regarding the Village's capital assets is presented in the footnotes on pages 29-30.*

Long-Term Debt. At April 30, 2016, the Village had two outstanding bond issues with a total principal balance of \$2.890 million outstanding. In August 2006, the Village issued \$2.1 million in G.O. Bonds to finance the cost of roadway improvements and street amenities in the downtown; a stop light on Waukegan Road and North Shore Drive; and other roadway and pedestrian access improvements. In 2012 these bonds were advance refunded to achieve a lower net interest cost with no changes to the original retirement date of December 2020. The outstanding principal balance on the 2012 G.O. Refunding bonds is \$1.20 million. These bond payments are paid from General Fund operating revenues. In June 2004, the Village issued \$3.06 million in alternate water revenue bonds to finance the cost of water infrastructure improvements previously scheduled to be accomplished over 10 years. In October 2011, these bonds were advance refunded to achieve a lower net interest cost with no changes to the original retirement date of the bonds. The outstanding principal balance on the 2011 Refunding Bonds is \$1.690 million; the bonds mature in December 2024, and will continue to be repaid with water revenues.

As a home rule unit of government, the Village does not have a statutory debt limit but has observes a very conservative policy, as evidenced by the fact that the Village first issued bonds in 1987, has never carried debt in excess of \$10 million, and has a direct debt burden of 0.8% versus the median of 2.1%. The Village's outstanding general obligation debt principal represents 0.5% of 2015 EAV. *Additional information regarding the Village's debt is presented in the footnotes on pages 32-33, detailed schedules are shown on pages 86-87, and additional information is included in the statistical section on pages 108-112.*

Future Debt. At this time, the Village may consider additional debt of about \$1.5 million in the upcoming fiscal year to finance a conversion of water meters to an automated meter reading system and for water infrastructure improvements.

Bond Ratings. In October 2011, Moody's Investor Service affirmed the Village's Aaa bond rating on all its outstanding debt. Moody's cited the Village's wealthy and steadily growing tax base; sound financial operations enhanced by home rule status; and minimal debt burden. The Village did not seek a bond rating in 2012 because this debt was sold by negotiation with a local bank. Last year, Moody's reaffirmed the Village's Aaa credit rating.

Economic Factors

- Sales tax revenue is expected to remain flat at \$3.6 million as the new Target and other food and retail establishments are open and no new sales tax generating businesses are anticipated.
- Building and development revenues are projected at about \$210 thousand based on construction value of \$17 million. No major commercial developments or the resumption of building in the two stalled residential developments are anticipated in the upcoming year.
- Police pension obligations will continue to grow as a percentage of the organization's expenses.
- Health insurance costs are projected to rise by 10% next year.
- The Fraternal Order of Police (FOP) for the patrol officers and the International Union of Operating Engineers (IUOE) for public works maintenance workers' collective bargaining agreements expired at the end of the fiscal year and will be renegotiated.
- Short-term interest rates below 2% will continue to adversely affect interest earnings.
- Wholesale water rate increase from CLCJAWA of \$0.05 per thousand gallons from \$2.68 to \$2.73.
- Retail water rate rise from \$6.95 to \$7.10 per thousand gallons as water consumption is projected to remain flat or increase slightly next year.

- Consumer Price Index-Urban (CPI-U) factor for the 2015 property tax levy is 0.8% (down from 1.5% for 2014) with a projected increase in total equalized assessed value for the first time in several years and new construction added to the tax rolls.
- Home rule provides financial flexibility for the Village and provides some opportunities to mitigate potential revenue losses from the effects of state-wide budget constraints.

All of these factors were considered when preparing the fiscal year 2017 and 2018 biennial budget.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Village's Finance Director Susan Griffin at 40 E. Center Ave, Lake Bluff, Illinois 60044 sgriffin@lakebluff.org or access the Village website at www.lakebluff.org.

VILLAGE OF LAKE BLUFF, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 8,403,658	\$ 904,506	\$ 9,308,164
Receivables, net of allowance for uncollectibles			
Property taxes	3,193,322	-	3,193,322
Other taxes	1,088,665	-	1,088,665
Other receivables	250,614	-	250,614
Accounts	36,384	286,021	322,405
Intergovernmental	183,299	-	183,299
Accrued interest	190	-	190
Prepaid items	9,300	-	9,300
Inventory	8,136	-	8,136
Internal balances	(288,691)	288,691	-
Capital assets			
Capital assets not being depreciated	2,913,141	-	2,913,141
Capital assets being depreciated, net	16,306,632	6,213,247	22,519,879
Total assets	32,104,650	7,692,465	39,797,115
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	625,974	89,425	715,399
Pension items - Police Pension	845,108	-	845,108
Unamortized charge on refunding	64,890	85,085	149,975
Total deferred outflows of resources	1,535,972	174,510	1,710,482
Total assets and deferred outflows of resources	33,640,622	7,866,975	41,507,597
LIABILITIES			
Accounts payable	358,090	53,644	411,734
Accrued payroll	58,332	3,737	62,069
Interest payable	8,179	19,121	27,300
Other liabilities	115,761	-	115,761
Other unearned revenue	176,075	-	176,075
Deposits payable	442,964	9,053	452,017
Due to Library	6,271	-	6,271
Noncurrent liabilities			
Due within one year	266,086	187,419	453,505
Due in more than one year	2,237,112	1,576,517	3,813,629
Net pension liability - IMRF	809,569	115,653	925,222
Net pension liability - police pension	8,170,199	-	8,170,199
Total liabilities	12,648,638	1,965,144	14,613,782
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	3,193,322	-	3,193,322
Pension items - Police Pension	41,896	-	41,896
Total deferred inflows of resources	3,235,218	-	3,235,218
Total liabilities and deferred inflows of resources	15,883,856	1,965,144	17,849,000
NET POSITION			
Net investment in capital assets	18,084,663	4,567,272	22,651,935
Restricted for			
Employee benefits	162,304	-	162,304
Highways and streets	324,554	-	324,554
Public safety	307,739	-	307,739
Debt service	13,447	-	13,447
Capital outlay	262,488	-	262,488
Unrestricted	(1,398,429)	1,334,559	(63,870)
TOTAL NET POSITION	\$ 17,756,766	\$ 5,901,831	\$ 23,658,597

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,224,260	\$ 1,164,293	\$ -	\$ -
Public safety	4,695,096	156,255	28,094	-
Public works	3,137,588	167,956	146,362	29,160
Interest on long-term debt	35,963	-	-	-
Total governmental activities	10,092,907	1,488,504	174,456	29,160
Business-Type Activities				
Water	1,433,214	1,219,443	-	52,700
Total business-type activities	1,433,214	1,219,443	-	52,700
TOTAL PRIMARY GOVERNMENT	\$ 11,526,121	\$ 2,707,947	\$ 174,456	\$ 81,860

	Net (Expense) Revenue and Change in Net Position		
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (1,059,967)	\$ -	\$ (1,059,967)
	(4,510,747)	-	(4,510,747)
	(2,794,110)	-	(2,794,110)
	(35,963)	-	(35,963)
	<u>(8,400,787)</u>	-	<u>(8,400,787)</u>
	-	(161,071)	(161,071)
	-	(161,071)	(161,071)
	<u>(8,400,787)</u>	<u>(161,071)</u>	<u>(8,561,858)</u>
General Revenues			
Taxes			
Property tax	3,145,181	-	3,145,181
Utility tax	677,722	-	677,722
Replacement taxes	51,775	-	51,775
Sales tax	3,634,671	-	3,634,671
Wireless surcharge	59,855	-	59,855
Other taxes	218,222	-	218,222
Shared income tax	609,807	-	609,807
Miscellaneous	146,935	471	147,406
Investment income	15,926	2,849	18,775
	<u>8,560,094</u>	<u>3,320</u>	<u>8,563,414</u>
CHANGE IN NET POSITION	<u>159,307</u>	<u>(157,751)</u>	<u>1,556</u>
NET POSITION, MAY 1	24,680,332	6,066,555	30,746,887
Change in accounting principle	<u>(7,082,873)</u>	<u>(6,973)</u>	<u>(7,089,846)</u>
NET POSITION, MAY 1, RESTATED	<u>17,597,459</u>	<u>6,059,582</u>	<u>23,657,041</u>
NET POSITION, APRIL 30	<u>\$ 17,756,766</u>	<u>\$ 5,901,831</u>	<u>\$ 23,658,597</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 6,493,934	\$ 1,909,724	\$ 8,403,658
Receivables, net			
Property taxes	2,845,733	347,589	3,193,322
Other taxes	1,075,643	13,022	1,088,665
Other receivables	250,614	-	250,614
Accounts	23,658	12,726	36,384
Intergovernmental	-	183,299	183,299
Accrued interest	164	26	190
Prepaid items	9,300	-	9,300
Inventory	8,136	-	8,136
Due from other funds	31,351	-	31,351
TOTAL ASSETS	\$ 10,738,533	\$ 2,466,386	\$ 13,204,919
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 334,344	\$ 23,746	\$ 358,090
Accrued payroll	58,332	-	58,332
Other liabilities	114,586	1,175	115,761
Other unearned revenue	176,075	-	176,075
Deposits payable	442,964	-	442,964
Advance from other funds	-	288,691	288,691
Due to other funds	-	31,351	31,351
Due to Library	6,271	-	6,271
Total liabilities	1,132,572	344,963	1,477,535
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	2,845,733	347,589	3,193,322
Total deferred inflows of resources	2,845,733	347,589	3,193,322
Total liabilities and deferred inflows of resources	3,978,305	692,552	4,670,857
FUND BALANCES			
Nonspendable inventory	8,136	-	8,136
Restricted for employee benefits	-	162,304	162,304
Restricted for highways and streets	-	324,554	324,554
Restricted for public safety	-	307,739	307,739
Restricted for debt service	-	13,447	13,447
Restricted for capital outlay	-	262,488	262,488
Unrestricted			
Assigned for debt service	-	715	715
Assigned for capital outlay	300,000	702,587	1,002,587
Unassigned	6,452,092	-	6,452,092
Total fund balances	6,760,228	1,773,834	8,534,062
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,738,533	\$ 2,466,386	\$ 13,204,919

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2016

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 8,534,062
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	19,219,773
The charge on refunding bonds is capitalized and amortized over the life of the bonds on the statement of net position	64,890
Interest payable is accrued as incurred in the statement of activities as opposed to when paid in governmental funds	(8,179)
Net pension liability is shown as a liability on the statement of net position	
Illinois Municipal Retirement Fund	(809,569)
Police Pension Fund	(8,170,199)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date are recognized as deferred outflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	625,974
Police Pension Fund	803,212
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(1,200,000)
Compensated absences payable	(403,566)
Net other postemployment benefit	(899,632)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 17,756,766</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 2,805,661	\$ 339,520	\$ 3,145,181
Other taxes	4,573,845	27,779	4,601,624
Licenses, permits and fees	987,443	-	987,443
Intergovernmental	612,879	260,399	873,278
Charges for services	362,223	-	362,223
Fines and forfeitures	119,603	-	119,603
Investment income	13,380	2,546	15,926
Miscellaneous	146,935	1	146,936
	<hr/>	<hr/>	<hr/>
Total revenues	9,621,969	630,245	10,252,214
EXPENDITURES			
Current			
General government	1,756,901	329,415	2,086,316
Public safety	3,940,863	191,004	4,131,867
Public works	2,804,001	87,131	2,891,132
Capital outlay	-	217,959	217,959
Debt service			
Principal	-	230,000	230,000
Interest and fiscal charges	-	23,793	23,793
	<hr/>	<hr/>	<hr/>
Total expenditures	8,501,765	1,079,302	9,581,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	1,120,204	(449,057)	671,147
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	12,200	12,200
Transfers in	-	512,793	512,793
Transfers (out)	(512,793)	-	(512,793)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(512,793)	524,993	12,200
NET CHANGE IN FUND BALANCES	<hr/>	<hr/>	<hr/>
	607,411	75,936	683,347
FUND BALANCES, MAY 1	<hr/>	<hr/>	<hr/>
	6,152,817	1,697,898	7,850,715
FUND BALANCES, APRIL 30	<hr/>	<hr/>	<hr/>
	\$ 6,760,228	\$ 1,773,834	\$ 8,534,062

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 683,347
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	
Capitalized capital assets	509,521
Depreciation expense	(783,118)
Gain (loss) from the disposal of capital assets is reported in governmental funds but the gain (loss) on the disposal is calculated and reported in the statement of activities	
	(26,595)
The change in the net pension liability is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(704,620)
Police Pension Fund	(1,011,511)
The change in deferred inflows and outflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	569,838
Police Pension Fund	803,212
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds	
Retirement of general obligation debt	230,000
Amortization of charge on refunding	(12,979)
Change in compensated absences payable	(28,985)
Change in net other postemployment benefit payable	(69,612)
Changes to accrued interest on long-term debt in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
	809
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 159,307

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUND

April 30, 2016

CURRENT ASSETS	
Cash and cash equivalents	\$ 904,506
Receivables	
Accounts, net of allowance for uncollectible accounts	<u>286,021</u>
Total current assets	<u>1,190,527</u>
NONCURRENT ASSETS	
Advance to other funds	288,691
Capital assets, net of accumulated depreciation	<u>6,213,247</u>
Total noncurrent assets	<u>6,501,938</u>
Total assets	<u>7,692,465</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized charge on refunding	85,085
Pension items - IMRF	<u>89,425</u>
Total deferred outflows of resources	<u>174,510</u>
Total assets and deferred outflows of resources	<u>7,866,975</u>
CURRENT LIABILITIES	
Accounts payable	53,644
Accrued payroll	3,737
Accrued interest payable	19,121
Deposits held	9,053
Compensated absences payable	17,419
General obligation (alternate revenue source) bonds payable	<u>170,000</u>
Total current liabilities	<u>272,974</u>
NONCURRENT LIABILITIES	
Compensated absences payable	15,457
General obligation (alternate revenue source) bonds payable	1,561,060
Net pension liability - IMRF	<u>115,653</u>
Total noncurrent liabilities	<u>1,692,170</u>
Total liabilities	<u>1,965,144</u>
NET POSITION	
Net investment in capital assets	4,567,272
Unrestricted	<u>1,334,559</u>
TOTAL NET POSITION	<u>\$ 5,901,831</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

OPERATING REVENUES

Water sales	\$ 1,181,435
Meter sales	6,708
Tap-on and connection fees	31,300
Miscellaneous	471
	<hr/>
Total operating revenues	1,219,914

OPERATING EXPENSES

Administrative and finance	501,598
Water purchases	614,751
Depreciation	258,557
	<hr/>
Total operating expenses	1,374,906

OPERATING INCOME (LOSS) (154,992)

NON-OPERATING REVENUES (EXPENSES)

Investment income	2,849
Interest expense	(58,308)
	<hr/>
Total non-operating revenues (expenses)	(55,459)

CONTRIBUTED CAPITAL 52,700

CHANGE IN NET POSITION (157,751)

NET POSITION, MAY 1 6,066,555

Change in accounting principle (6,973)

NET POSITION, MAY 1, RESTATED 6,059,582

NET POSITION, APRIL 30 \$ 5,901,831

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended April 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,227,878
Payments to suppliers	(768,312)
Payments to employees	<u>(319,018)</u>
Net cash from operating activities	<u>140,548</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Interfund activity	(410)
Increase in advance to other funds	<u>(15,000)</u>
Net cash from noncapital financing activities	<u>(15,410)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>2,849</u>
Net cash from investing activities	<u>2,849</u>

**CASH FLOWS FROM CAPITAL
AND RELATED FINANCING ACTIVITIES**

Purchase of capital assets	(16,562)
Payments of principal	(160,000)
Interest and fiscal charges paid on capital debt	<u>(58,544)</u>
Net cash from capital and related financing activities	<u>(235,106)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(107,119)
--	-----------

CASH AND CASH EQUIVALENTS, MAY 1	<u>1,011,625</u>
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CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 904,506</u></u>
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(This statement is continued on the following page.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUND**

For the Year Ended April 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income (loss)	\$ (154,992)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	258,557
(Increase) decrease in	
Receivables	7,714
Increase (decrease) in	
Accounts payable	(119)
Accrued payroll	1,306
Deposits held	250
Compensated absences payable	8,577
Pension items - IMRF	19,255

NET CASH FROM OPERATING ACTIVITIES

\$ 140,548

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

April 30, 2016

	Police Pension Fund
ASSETS	
Cash	\$ 82,193
Investments (at fair value)	
Corporate bonds	1,942,611
State and local obligations	144,206
Equity securities	1,303,754
U.S. Government obligations	2,194,362
Mutual funds	3,126,114
Accrued interest receivable	24,847
	<hr/>
Total assets	8,818,087
	<hr/>
LIABILITIES	
Accounts payable	3,767
Other payables	783
	<hr/>
Total liabilities	4,550
	<hr/>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 8,813,537
	<hr/> <hr/>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

ADDITIONS

Contributions	
Employer	\$ 645,381
Plan members	<u>129,205</u>
Total contributions	<u>774,586</u>
Investment income	
Net appreciation in fair value of investments	(275,884)
Interest	<u>199,068</u>
Total investment income	(76,816)
Less investment expense	<u>(38,561)</u>
Net investment income	<u>(115,377)</u>
Total additions	<u>659,209</u>

DEDUCTIONS

Pension benefits and refunds	769,893
Administrative expenses	<u>10,228</u>
Total deductions	<u>780,121</u>

NET DECREASE (120,912)

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

May 1	<u>8,934,449</u>
April 30	<u><u>\$ 8,813,537</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

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April 30, 2016

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VILLAGE OF LAKE BLUFF, ILLINOIS
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VILLAGE OF LAKE BLUFF, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lake Bluff, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village was incorporated on September 26, 1895, and is a municipal corporation governed by an elected seven-member board. The Village operates under a President/Administrator form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; health, social and cultural services; water and sanitation; public improvements; planning and zoning; and general administration services. Based on the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statement No. 14 and No. 34*, there are no component units for which the Village is considered to be financially accountable.

b. Fund Accounting

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

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

c. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major and only proprietary fund:

The Water Fund accounts for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and billing and collection.

The Village reports the following fiduciary fund:

The Police Pension Fund accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by sworn police officers at rates fixed by law and the Village at amounts determined by an annual actuarial study.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal period (60 days for property taxes). Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales, income, replacement and motor fuel taxes collected and held by the state at year end on behalf of the Village also are susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unbilled water revenue of the Water Fund is recognized as earned when the water is consumed.

The Village reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

All village investments and all pension fund investments are stated at fair value in accordance with GASB Statement No. 67.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the Village's fair value in the pool.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Receivables

The recognition of receivables associated with non-exchange transactions is as follows:

- Derived tax receivables (such as: sales taxes) are recognized when the underlying exchange has occurred.
- Imposed non-exchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary non-exchange transaction receivables (such as: income and motor fuel taxes and grants) are recognized when all eligibility requirements have been met.

g. Inventory

Supplies inventory is valued at cost. Inventory of items held for resale is valued at the lower of cost first-in/first-out (FIFO) method or market. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are recorded using the consumption method.

i. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans, if any, are classified as “interfund receivables/payables.” Long-term interfund loans are classified as “advances to/from other funds.”

j. Capital Assets

Capital assets, which include property, plant, equipment, intangibles (software and easements) and infrastructure assets (e.g., roads, bridges and storm water) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets (Continued)

Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure acquired prior to the implementation of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, is included in these financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

Assets	Years
Buildings and improvements	15-50
Machinery, equipment and software	3-25
Infrastructure	25-100
Water systems/lines	40-75
Water tower	40
Vehicles	5-20
Books	10

k. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide financial statements.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Compensated Absences (Continued)

In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of 30 working days. Employees, upon termination, are reimbursed for sick pay if unused sick leave exceeds a minimum of 60 days. An employee having a minimum of 60 days and not more than 119 days of sick leave accrued will receive compensation equal to 20% of all days accrued at the current pay rate. An employee having a minimum of 120 days to an unlimited maximum of sick leave accrued will receive compensation equal to 40% of all days accrued at the current pay rate. The General Fund and Water Fund have been used in prior years to liquidate the liability for compensated absences.

l. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements.

Bond premiums and discounts, as well as the unamortized loss on refunding, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. The unamortized loss on refunding is reported as a deferred outflow of resources.

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

m. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact, unless conversion of the nonspendable asset to a spendable asset would result in a restriction or commitment on the spendable asset, in which case reporting the restriction or commitment takes precedent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balances/Net Position (Continued)

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Village Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance resides with the Finance Director as authorized by the fund balance policy adopted by the Village Board of Trustees. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The Village has established a fund balance policy for its general fund unassigned fund balance. The policy establishes a target for unassigned fund balance to be maintained in the General Fund equivalent at 50% of budgeted operating expenditures, which is reported as unassigned fund balance in the General Fund.

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

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets. None of the Village's net positions are restricted as a result of enabling legislation adopted by the Village.

n. Deferred Outflows/Inflows of Resources

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Interfund Transactions

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

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

p. Accounting Estimates

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

2. PROPERTY TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, 2015 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are issued on or about May 1 and August 1 and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. Based upon collection histories, the Village has not provided an allowance for uncollectible property taxes at April 30, 2016. These 2015 taxes are intended to finance the 2016 fiscal year and are not considered available or earned for current operations and are, therefore, reported as deferred/unearned revenue. The 2016 tax levy has not been recorded as a receivable at April 30, 2016, as the tax attached as a lien on property as of January 1, 2016; however, the tax will not be levied until December 2016 and, accordingly, is not measurable at April 30, 2016.

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

3. CASH AND INVESTMENTS

State statutes and the Village's investment policy authorize the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, short-term commercial paper rated within the highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund. It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

The Police Pension Fund's (the Fund) investment policy allows the same investments as the Village plus certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions and Illinois insurance company general and separate accounts and equity mutual funds and equity securities.

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

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, which is the price for which the investment could be sold.

Village 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 Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name.

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

3. CASH AND INVESTMENTS (Continued)

Village Investments

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a three-year period. The investment policy limits the maximum maturity length of investments for unreserved funds to five years from date of purchase.

The Village 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 or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. Investments in commercial paper are allowed if rated within the highest classifications by at least two standard rating services. Illinois Funds and IMET are rated AAA and AAA, respectively.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Village's name. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. The Village's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle as follows: no more than 15% of the portfolio can be with one financial institution, no more than 33% in commercial bank certificates of deposit (CDs), except when invested using the Certificate of Deposit Account Registry Service (CDARS) or similar system, no more than 20% in Illinois Funds and no more than 15% in IMET.

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016 was as follows:

	Balances May 1	Additions	Disposals	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,913,891	\$ -	\$ 750	\$ 2,913,141
Total capital assets not being depreciated	2,913,891	-	750	2,913,141

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

4. CAPITAL ASSETS (Continued)

	Balances May 1	Additions	Disposals	Balances April 30
GOVERNMENTAL ACTIVITIES (Continued)				
Capital assets being depreciated				
Buildings and improvements	\$ 5,979,602	\$ -	\$ -	\$ 5,979,602
Equipment	5,249,773	146,270	49,635	5,346,408
Infrastructure	18,024,534	363,251	26,163	18,361,622
Total capital assets being depreciated	<u>29,253,909</u>	<u>509,521</u>	<u>75,798</u>	<u>29,687,632</u>
Less accumulated depreciation for				
Buildings and improvements	2,664,920	137,992	-	2,802,912
Equipment	3,179,721	370,902	40,007	3,510,616
Infrastructure	6,803,194	274,224	9,946	7,067,472
Total accumulated depreciation	<u>12,647,835</u>	<u>783,118</u>	<u>49,953</u>	<u>13,381,000</u>
Total capital assets being depreciated, net	<u>16,606,074</u>	<u>(273,597)</u>	<u>25,845</u>	<u>16,306,632</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 19,519,965</u>	<u>\$ (273,597)</u>	<u>\$ 26,595</u>	<u>\$ 19,219,773</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES		
General government		\$ 58,326
Public safety		292,678
Public works		<u>432,114</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		<u>\$ 783,118</u>

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Water systems/lines	\$ 9,331,043	\$ 69,262	\$ -	\$ 9,400,305
Water tower	1,817,314	-	-	1,817,314
Vehicles	109,845	-	-	109,845
Total capital assets being depreciated	<u>11,258,202</u>	<u>69,262</u>	<u>-</u>	<u>11,327,464</u>
Less accumulated depreciation for				
Water system/lines	3,793,228	202,469	-	3,995,697
Water tower	965,658	50,770	-	1,016,428
Vehicles	96,774	5,318	-	102,092
Total accumulated depreciation	<u>4,855,660</u>	<u>258,557</u>	<u>-</u>	<u>5,114,217</u>
Total capital assets being depreciated, net	<u>6,402,542</u>	<u>(189,295)</u>	<u>-</u>	<u>6,213,247</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 6,402,542</u>	<u>\$ (189,295)</u>	<u>\$ -</u>	<u>\$ 6,213,247</u>

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health; natural disasters; and injuries to the Village's employees. Employees' health insurance is purchased through a broker and no risk of loss is retained by the Village.

Intergovernmental Risk Management Agency

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperation Statute to pool their risk management needs. IRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extension risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village is aware of no additional contributions due to IRMA as of April 30, 2016.

There have been no significant changes in coverage from the prior two years and settlements have not exceeded coverage in any of the prior three years.

6. LEASE AND MAINTENANCE OBLIGATIONS

Commuter Station

The Village is engaged in an operating lease agreement with the Union Pacific Railroad for the parking lot at the Lake Bluff train station. This lease is renewable on a year-to-year basis. Lease payments are equal to one-third of the parking lot's gross revenues. These activities are accounted for in the General Fund.

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

7. LONG-TERM DEBT

A summary of changes in long-term debt reported in the governmental activities of the Village for the year ended April 30, 2016 is as follows:

a. Governmental Activities

Issue	Fund Debt Retired by	Balances May 1, Restated	Issuances	Retirements/ Refundings	Balances April 30	Current Portion
\$1,685,000 General Obligation Bonds dated September 14, 2012, due in annual installments of \$25,000 to \$250,000 through December 15, 2020, interest payable each June 15 and December 15 at 0.75% to 2.35%.	2012 General Obligation Bond	\$ 1,430,000	\$ -	\$ 230,000	\$ 1,200,000	\$ 230,000
Compensated absences	General	374,581	439,591	410,666	403,506	36,086
Net pension liability - IMRF	General	104,949	704,620	-	809,569	-
Net pension liability - Police Pension	General	7,158,688	1,011,511	-	8,170,199	-
Net other postemployment benefit obligation	General	830,020	69,612	-	899,632	-
TOTAL GOVERNMENTAL ACTIVITIES		<u>\$ 9,898,238</u>	<u>\$ 2,225,334</u>	<u>\$ 640,666</u>	<u>\$ 11,482,906</u>	<u>\$ 266,086</u>

A summary of changes in long-term debt reported in the business-type activities of the Village for the year ended April 30, 2016 is as follows:

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

7. LONG-TERM DEBT (Continued)

b. Business-Type Activities

Issue	Fund Debt Retired by	Balances May 1, Restated	Issuances	Retirements	Balances April 30	Current Portion
\$2,185,000 General Obligation Refunding Bonds (Alternate Revenue Source), due in annual installments of \$10,000 to \$210,000 through December 15, 2024 plus interest at 2.0% to 3.5%.	Waterworks	\$ 1,855,000	\$ -	\$ 165,000	\$ 1,690,000	\$ 170,000
Compensated absences	Waterworks	24,299	21,770	13,193	32,876	17,420
Net pension liability - IMRF	Waterworks	14,993	100,660	-	115,653	-
Unamortized premium	Waterworks	46,534	-	5,474	41,060	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 1,940,826	\$ 122,430	\$ 183,667	\$ 1,879,589	\$ 187,420

The unamortized loss on refunding was reclassified to a deferred outflow of resources during the fiscal year ended April 30, 2016.

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity on general obligation debt (bonds and tax certificates) are as follows:

Fiscal Year Ending April 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 230,000	\$ 21,493	\$ 170,000	\$ 50,244
2018	235,000	18,616	170,000	46,844
2019	240,000	14,975	180,000	42,594
2020	245,000	10,775	180,000	37,644
2021	250,000	5,875	185,000	32,469
2022	-	-	190,000	26,688
2023	-	-	200,000	20,512
2024	-	-	205,000	14,011
2025	-	-	210,000	7,350
TOTAL	\$ 1,200,000	\$ 71,734	\$ 1,690,000	\$ 278,356

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

8. INDIVIDUAL FUND DISCLOSURES

a. Advances To/From Other Funds

Advances to/from other funds at April 30, 2016 consist of the following:

Receivable Fund	Payable Fund	Amount
Water	Vehicle/Equipment Replacement (Nonmajor governmental)	\$ 288,691
TOTAL		\$ 288,691

The purposes of the significant advances to/from other funds are as follows:

- \$288,691 owed to the Water Fund from the Vehicle/Equipment Replacement Fund is for future vehicle replacements. Repayment is not expected within one year.

b. Transfers

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers (Out)
General	\$ -	\$ 512,793
Nonmajor governmental	512,793	-
TOTAL ALL FUNDS	\$ 512,793	\$ 512,793

The purposes of significant transfers are as follows:

- \$253,793 was transferred to the 2006 General Obligation Bond Fund from the General Fund for funding of nonproperty tax debt. \$259,000 was transferred to the Vehicle/Equipment Replacement Fund from the General Fund for the replacement of vehicles and technology equipment.

9. COMMITMENTS AND CONTINGENCIES

a. Litigation

There is a pending lawsuit in which the Village is involved. Management believes that the potential claims against the Village resulting from such litigation will not materially affect the financial position of the Village.

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

9. COMMITMENTS AND CONTINGENCIES (Continued)

b. Construction Contracts

The value of purchase commitments for capital assets at April 30, 2016 is \$829,407.

c. Grants

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

10. JOINT VENTURES

a. Central Lake County Joint Action Water Agency

The Village is a member of the Central Lake County Joint Action Water Agency (CLCJAWA) which consists of nine municipalities. CLCJAWA is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). CLCJAWA is empowered under the Act to plan, construct, finance, operate and maintain a joint water supply system to serve its members and other potential water purchasers.

The members of CLCJAWA as of April 30, 2016 are:

Village of Grayslake
Village of Gurnee
Village of Lake Bluff
Village of Libertyville
Village of Mundelein
Village of Round Lake
Village of Round Lake Beach
Round Lake Consortium (representing Village of Round Lake Heights and
Village of Round Lake Park)
County of Lake (servicing the Communities of Knollwood/Roundout,
Wildwood and Vernon Hills)

10. JOINT VENTURES (Continued)

a. Central Lake County Joint Action Water Agency (Continued)

CLCJAWA is governed by a Board of Directors which consists of one elected official from each member municipality. Each Director has an equal vote. The officers of CLCJAWA are appointed by the Board of Directors. The Board of Directors determines the general policy of CLCJAWA; makes all appropriations, approves contracts; adopts resolutions providing for the issuance of bonds or notes by CLCJAWA; and adopts by-laws, rules and regulations. The Village has no explicit and measurable equity interest in CLCJAWA, although there a residual interest does exist in CLCJAWA's assets upon dissolution of the joint venture. The Village has an ongoing financial responsibility for its share of CLCJAWA's liabilities. Each participant is liable for its share of any agency contracts entered into while bound by the intergovernmental agreement, until those contracts are paid off. Additionally, the Village has an ongoing financial responsibility to purchase water from CLCJAWA.

Complete financial statements for CLCJAWA can be obtained from its administrative office at 200 Rockland Road, Lake Bluff, Illinois 60044.

Revenues of the system consist of (1) all receipts derived from water contracts or any other contracts for the consumption of water; (2) all income derived from the investment of monies; and (3) all income, fees, service charges and all grants, rents and receipts derived by the CLCJAWA from the ownership and operation of the system. The CLCJAWA covenants to establish fees and charges sufficient to provide revenues to meet all the requirements.

The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by CLCJAWA of its obligations under this contract.

The payments required to be made by the Village under this contract shall be required to be made solely from revenues derived by the Village from the operation of the Village's system. The Village is not prohibited by the contract from using any other available funds to make the payments required by the contract. The contract shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$614,751 to CLCJAWA for fiscal year 2016, which is recorded in the Village's Water Fund.

10. JOINT VENTURES (Continued)

b. Solid Waste Agency of Lake County

The Village is a member of Solid Waste Agency of Lake County (SWALCO), which consists of 41 municipalities. SWALCO is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWALCO is empowered under the Act to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

The members of SWALCO and their percentage shares are based on the formula contained in the agency agreement. As of April 30, 2016, the Village's share is 1.61%.

This percentage share is subject to change in future years based on the combination of the population and equalized assessed valuation of the municipalities.

The members form a contiguous geographic service area, which is located in Lake County. Under the agency agreement, additional members may join SWALCO upon the approval of each member.

SWALCO is governed by a Board of Directors, which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWALCO are appointed by the Board of Directors. The Board of Directors determines the general policy of SWALCO; makes all appropriations; approves contracts; adopts resolutions providing for the issuance of bonds or notes by SWALCO; adopts by-laws, rules and regulations; and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements can be obtained from the SWALCO, 1311 N. Estes Street, Gurnee, Illinois 60031.

Revenues of SWALCO consist of (a) all receipts derived from Solid Waste Disposal Contracts or any other contracts for the disposal of waste; (b) all income derived from the investment of monies; and (c) all income, fees and service charges and all grants, rents and receipts derived by SWALCO from the ownership and operation of the system. SWALCO has no power to levy taxes.

SWALCO covenants to establish fees and charges sufficient to provide revenues to meet all of its requirements.

10. JOINT VENTURES (Continued)

b. Solid Waste Agency of Lake County (Continued)

SWALCO has entered into Solid Waste Disposal Contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided in the contract. Each member is obligated, on a “take or pay” basis to purchase or, in any event, to pay for a minimum annual cost of the system.

The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable without regard to performance or nonperformance by SWALCO of its obligations under this contract.

The payments required to be made by the Village under this contract shall be required to be made solely from revenues derived by the Village from the operation of the Village’s system. The Village is not prohibited by the contract from using any other available funds to make the payments required by the contract. The contract shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

The Village remitted no payments to SWALCO for the year ended April 30, 2016.

11. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for both plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or www.imrf.org.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

11. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Administration (Continued)

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. The plan is treated as a cost sharing plan by the Village and Lake Bluff Public Library (the Library). Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2015 (most recent information available), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>30</u>
 TOTAL	 <u><u>102</u></u>

The IMRF data included in the table above includes membership of both the Village and the Library.

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier I benefits. For Tier I employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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

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

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

11. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for calendar year 2015 and 2016 was 10.57% and 10.19% of covered payroll, respectively.

Net Pension Liability

Actuarial Assumptions

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

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Price inflation	2.75%
Salary increases	3.75% to 14.50%
Investment rate of return	7.50%
Asset valuation method	Market Value of Assets

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

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

11. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the IMRF total pension liability was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Village's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at the discount rate of 7.49% used to determine the total pension liability.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 12,342,343	\$ 12,192,416	\$ 149,927
Changes for the period			
Service cost	207,471	-	207,471
Interest	911,380	-	911,380
Difference between expected and actual experience	197,162	-	197,162
Changes in assumptions	15,967	-	15,967
Employer contributions	-	225,273	(225,273)
Employee contributions	-	95,906	(95,906)
Net investment income	-	60,293	(60,293)
Benefit payments and refunds	(588,692)	(588,692)	-
Other (net transfer)	-	(56,092)	56,092
Net changes	743,288	(263,312)	1,006,600
BALANCES AT DECEMBER 31, 2015	\$ 13,085,631	\$ 11,929,104	\$ 1,156,527

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

11. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Continued)

The table presented above includes amounts for both the Village and the Library. The Village's proportionate share of the net pension liability at January 1, 2015, the employer contributions and the net pension liability at December 31, 2015 was \$119,942, \$180,218 and \$925,222, respectively. The Library's proportionate share of the net pension liability at January 1, 2015, the employer contributions and the net pension liability at December 31, 2015 was \$29,985, \$45,055 and \$231,305, respectively.

There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2015, is 7.49%. The discount rate used in the prior actuarial valuation, dated December 31, 2014, was 7.50%.

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

For the year ended April 30, 2016, the Village recognized pension expense of \$327,519.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Differences between expected and actual experience	\$ 137,719	\$ -	\$ 137,719
Changes in assumptions	11,153	-	11,153
Net difference between projected and actual earnings on pension plan investments	673,602	-	673,602
Employer contributions after the measurement date	71,775	-	71,775
TOTAL	\$ 894,249	\$ -	\$ 894,249

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

11. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The deferred outflows presented in the table above include amounts for both the Village and the Library. The Village's proportionate share of the deferred outflows of resources at April 30, 2016 was \$715,399. The Library's proportionate share of the deferred outflows of resources at April 30, 2016 was \$178,850.

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

<u>Year Ending April 30,</u>	
2016	\$ 243,547
2017	186,126
2018	151,007
2019	<u>134,719</u>
TOTAL	<u>\$ 715,399</u>

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.49% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.49%) or 1 percentage point higher (8.49%) than the current rate:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
Net pension liability - village	\$ 2,312,606	\$ 925,222	\$ (210,826)
Net pension liability - library	578,152	231,305	(52,707)
Net pension liability - total	<u>\$ 2,890,758</u>	<u>\$ 1,156,527</u>	<u>\$ (263,533)</u>

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

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

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Village's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

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

Plan Membership

At April 30, 2016, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>14</u>
TOTAL	<u>28</u>
 Number of participating employers	 <u><u>1</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% the past service cost for the Police Pension Plan. The Village's contribution policy is to contribute an amount equal to the employee normal cost under the entry age normal method plus the amount to amortize 95% of the unfunded liability over closed 30 year period (remaining 25 years) as a level percent of payroll. For the year ended April 30, 2016, the Village's contribution was 49.16% of covered payroll.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy

ILCS limit the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund can invest in the same securities as the Village, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds and equity securities rated as upper medium grade (A) or better. During the year ended April 30, 2016, no changes to the investment policy were approved by the Board of Trustees.

The Fund's investment manager establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	31.5%	6.70%
Small Cap Domestic Equity	9.0%	8.30%
International Equity	4.5%	7.40%
Fixed Income	54.0%	1.90%
Cash and Cash Equivalents	1.0%	0.10%

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 arithmetic 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 by the target asset allocation percentage and by adding expected inflation.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts.

Investment Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -1.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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

Concentration of credit risk is the risk that the Fund has a high percentage of its investments invested in one type of investment. The Fund's investment policy requires diversification of investment to avoid unreasonable risk. No financial institution, except any securities custodians of the Fund, shall hold more than 10% of the Fund's portfolio at any time. Neither shall Illinois Funds hold more than 10% of the Police Pension Fund's portfolio at any time. In addition, the following allocations are desired: depository accounts and money market mutual funds at 1% to 5%, fixed income securities at 40% to 44% and equity securities at 55%.

At April 30, 2016, there were no significant investments (other than U.S. Government guaranteed obligations or mutual funds) in any one organization that represent 5% or more of the Fund's investments.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 1,629,564	\$ 75,173	\$ 808,096	\$ 746,295	\$ -
U.S. agency obligations	564,798	-	336,446	121,011	107,341
Municipal bonds	144,206	-	113,519	30,687	-
Corporate bonds	1,942,611	205,785	929,939	806,887	-
TOTAL	\$ 4,281,179	\$ 280,958	\$ 2,188,000	\$ 1,704,880	\$ 107,341

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

The Fund 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 or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. At April 30, 2016, the Fund held several investments rated between BAA3 and BAA1, which is a violation of the investment policy. Municipal bonds held were rated AA. Corporate bonds held were rated between BAAA3 to AA.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds are not subject to custodial credit risk.

Concentrations

There were no investments (other than U.S. Government guaranteed obligations and mutual funds) in any one organization that represent 5% or more of plan net position for the Police Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 6.58%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be not available to make all projected future benefit payments of current plan members. Therefore, the discount rate on pension plan investments of 3.32% on long-term municipal bonds was applied to all periods of projected benefit payments to determine the total pension liability.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2015	\$ 16,093,137	\$ 8,934,449	\$ 7,158,688
Changes for the period			
Service cost	355,364	-	355,364
Interest	1,042,461	-	1,042,461
Difference between expected and actual experience	(48,758)	-	(48,758)
Changes in assumptions	360,214	-	360,214
Employer contributions	-	645,381	(645,381)
Employee contributions	-	129,205	(129,205)
Net investment income	-	(76,816)	76,816
Benefit payments and refunds	(769,893)	(769,893)	-
Administrative expense	(48,789)	(48,789)	-
Net changes	890,599	(120,912)	1,011,511
BALANCES AT APRIL 30, 2016	\$ 16,983,736	\$ 8,813,537	\$ 8,170,199

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	4.00%
Salary increases	2.50%
Interest rate	7.00%
Cost of living adjustments	2.50%
Asset valuation method	Market

Mortality rates were based on the RP-2000 Mortality Table projected to 2015 with Blue Collar Adjustment, 20%.

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 6.58% 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 (5.58%) or 1 percentage point higher (7.58%) than the current rate:

	1% Decrease (5.58%)	Current Discount Rate (6.58%)	1% Increase (7.58%)
Net pension liability	\$ 10,753,045	\$ 8,170,199	\$ 6,078,307

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2016, the Village recognized police pension expense of \$780,093. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 41,896
Changes in assumption	309,515	-
Net difference between projected and actual earnings on pension plan investments	535,593	-
TOTAL	\$ 845,108	\$ 41,896

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

<u>Period Ended</u> <u>April 30,</u>	
2017	\$ 177,735
2018	177,735
2019	177,735
2020	177,735
2021	99,858
Thereafter	(7,586)
TOTAL	\$ 803,212

12. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's two retirement plans. The retirees pay 100% of the average employer group cost.

c. Membership

At April 30, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>27</u>
 TOTAL	 <u><u>34</u></u>
 Participating employers	 <u><u>1</u></u>

d. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligations

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 168,743	\$ 24,380	14.45%	\$ 684,500
2015	169,900	24,380	14.35%	830,020
2016	119,311	49,699	41.66%	899,632

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

Annual required contribution	\$ 133,385
Interest on net OPEB obligation	37,349
Adjustment to annual required contribution	<u>(51,423)</u>
Annual OPEB cost	119,311
Contributions made	<u>49,699</u>
Increase in net OPEB obligation	69,612
Net OPEB obligation, beginning of year	<u>830,020</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 899,632</u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2016 was as follows:

Actuarial accrued liability (AAL)	\$ 1,910,508
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,910,508
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 2,343,906
UAAL as a percentage of covered payroll	81.51%

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligations (Continued)

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

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

In the April 30, 2016 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 5% and an initial healthcare cost trend rate of 9% with an ultimate healthcare inflation rate of 5%. Both rates include a 2.5% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2016 was 20 years.

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

13. CHANGE IN ACCOUNTING PRINCIPLE

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	
Change in accounting principle	
To record the IMRF net pension liability	\$ (104,949)
To record the IMRF deferred outflows of resources	56,136
To record the police pension net pension liability	(7,158,688)
To write-off the police pension net pension obligation	<u>124,628</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	<u>\$ (7,082,873)</u>
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	
Change in accounting principle	
To record the IMRF net pension liability	\$ (14,993)
To record the IMRF deferred outflows of resources	<u>8,020</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	<u>\$ (6,973)</u>

With the implementation of GASB Statements No. 68 the Village is required to retroactively record the beginning net pension liabilities for the IMRF and police pensions and No. 71 required to retroactively record the deferred outflows of resources for employer contributions after the measurement date for the IMRF.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 2,833,404	\$ 2,805,661	\$ (27,743)
Other taxes	4,384,925	4,573,845	188,920
Licenses, permits and fees	1,165,996	987,443	(178,553)
Intergovernmental grants and reimbursements	843,750	612,879	(230,871)
Charges for services	355,241	362,223	6,982
Fines and forfeitures	95,100	119,603	24,503
Investment income	12,000	13,380	1,380
Miscellaneous	82,500	146,935	64,435
Total revenues	9,772,916	9,621,969	(150,947)
EXPENDITURES			
Current			
General government	2,089,425	1,756,901	(332,524)
Public safety	3,991,217	3,940,863	(50,354)
Public works	3,484,205	2,804,001	(680,204)
Total expenditures	9,564,847	8,501,765	(1,063,082)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	208,069	1,120,204	912,135
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,500	-	(1,500)
Transfers (out)	(513,293)	(512,793)	500
Total other financing sources (uses)	(511,793)	(512,793)	(1,000)
NET CHANGE IN FUND BALANCE	\$ (303,724)	607,411	\$ 911,135
FUND BALANCE, MAY 1		6,152,817	
FUND BALANCE, APRIL 30		\$ 6,760,228	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN**

For the Year Ended April 30, 2016

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	\$ -	\$ 1,962,515	0.00%	\$ 1,962,515	\$ 2,456,430	79.89%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	-	1,910,508	0.00%	1,910,508	2,343,906	81.51%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Other Postemployment Benefit Plan Obligation
2011	\$ 19,576	\$ 153,358	12.76%	\$ 269,794
2012	19,576	153,358	12.76%	408,073
2013	31,314	168,257	18.61%	540,137
2014	24,380	161,027	15.14%	684,500
2015	24,380	161,027	15.14%	830,020
2016	49,699	133,385	37.26%	899,632

N/A - Information not available.

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

	<u>2016</u>
Actuarially determined contribution	\$ 180,218
Contributions in relation to the actuarially determined contribution	<u>180,218</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 1,704,998
Contributions as a percentage of covered-employee payroll	10.57%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percentage of payroll, closed; the amortization period was 28-year closed period until the remaining period reaches 15 years, then a 15-year rolling period; the asset valuation method was five-year smoothed market with a 20% corridor; and the significant actuarial assumptions were wage growth of 4.0% annually; price inflation of 3.0% annually; salary increases of 4.4% to 16.0% annually; and an investment rate of return at 7.5% annually.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

April 30, 2016

	2015	2016
Actuarially determined contribution	\$ 604,012	\$ 690,595
Contributions in relation to the actuarially determined contribution	610,228	645,381
CONTRIBUTION DEFICIENCY (Excess)	\$ (6,216)	\$ 45,214
Covered-employee payroll	\$ 1,251,993	\$ 1,312,723
Contributions as a percentage of covered-employee payroll	48.7%	49.2%

Note: Due to the timing of the property tax collections the contributions shown above are based on the prior year valuations (actuarially determined contributions).

This information presented above is presented in accordance with GASB Statement No. 67. The information presented was determined as part of the actuarial valuations as of May 1. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry age normal; the amortization method was level present of pay, closed and the amortization period was 24 years to achieve 95% funding by 2040; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.00% annually, projected salary increases assumption of 2.50% and postemployment benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF THE VILLAGE'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2016

	<u>2016</u>
Employer's proportion of net pension liability	80.00%
Employer's proportionate share of net pension liability	\$ 925,222
Employer's covered-employee payroll	1,704,998
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.27%
Plan fiduciary net position as a percentage of the total pension liability	91.16%

Notes to Required Supplementary Information

There was a change in the actuarial assumptions used between the prior year and current year. The investment rate of return used in the current year is 7.49% while that used in the prior year was 7.50%.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

April 30, 2016

	<u>2015</u>	<u>2016</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 262,210	\$ 355,364
Interest	1,090,096	1,042,461
Changes of benefit terms	-	-
Differences between expected and actual experience	(775,681)	(48,758)
Changes of assumptions	715,314	360,214
Benefit payments, including refunds of member contributions	(771,609)	(769,893)
Administrative expense	-	(48,789)
	<hr/>	<hr/>
Net change in total pension liability	520,330	890,599
Total pension liability - beginning	<hr/> 15,572,807	<hr/> 16,093,137
TOTAL PENSION LIABILITY - ENDING	<hr/> \$ 16,093,137	<hr/> \$ 16,983,736
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 610,228	\$ 645,381
Contributions - member	126,214	129,205
Net investment income	418,503	(76,816)
Benefit payments, including refunds of member contributions	(771,609)	(769,893)
Administrative expense	(7,200)	(48,789)
	<hr/>	<hr/>
Net change in plan fiduciary net position	376,136	(120,912)
Plan fiduciary net position - beginning	<hr/> 8,558,313	<hr/> 8,934,449
PLAN FIDUCIARY NET POSITION - ENDING	<hr/> \$ 8,934,449	<hr/> \$ 8,813,537
EMPLOYER'S NET PENSION LIABILITY	<hr/> \$ 7,158,688	<hr/> \$ 8,170,199
Plan fiduciary net position as a percentage of the total pension liability	55.5%	51.9%
Covered-employee payroll	\$ 1,251,993	\$ 1,312,723
Employer's net pension liability as a percentage of covered-employee payroll	571.8%	622.4%

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

April 30, 2016

	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	5.48%	(1.25%)

The information directly above is formatted to comply with the requirements of GASB Statement No. 67, which the Village implemented for the fiscal year ended April 30, 2015.

Information for prior years is not available.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2016

BUDGETS

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. At the Village Board meeting in March, the Village Administrator submits to the Board of Trustees a proposed operating budget for the fiscal year commencing on May 1. The operating budget includes proposed expenditures and the means of financing them. The operating budget can be amended by the Village Board of Trustees by a two-thirds majority of the corporate authorities, but no revision of the budget shall be made increasing the budget in the event that funds are not available.
- b. Public hearings are conducted to obtain citizen comments.
- c. The budget and appropriation ordinances are legally enacted through action of the Board of Trustees.
- d. Expenditures cannot legally exceed the total appropriate amounts at the fund level. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund; however, expenditures in excess of the budgeted amounts at the fund level must be approved by the Board of Trustees. No supplemental appropriations were required for the year ended April 30, 2016. There were no additional budget modifications.
- e. Budgets have been adopted for the general, special revenue, debt service, capital projects, enterprise, and pension trust funds, except for those funds noted below. The basis of the budget is the same as GAAP.

During the current year, a budget was not adopted for the following debt service and capital projects funds:

Debt Service Fund - Special Service Area Bond

Capital Projects Fund - Special Service Area Capital Improvements Fund

The actual expenditures of the following funds exceeded their budgeted expenditures:

Fund	Budget	Actual
Illinois Municipal Retirement Fund	\$ 158,250	\$ 345,346
Redevelopment Program	95,000	132,026

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

MAJOR GOVERNMENTAL FUNDS

General Fund - to account for all financial resources except those accounted for in another fund.
The General Fund is the general operating fund of the Village.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes			
General	\$ 672,954	\$ 652,839	\$ (20,115)
Waste disposal	553,350	551,600	(1,750)
Police protection	400,000	399,427	(573)
Crossing guards	5,000	4,994	(6)
Fire protection	308,500	308,061	(439)
Audit	28,000	27,964	(36)
Unemployment	15,000	11,391	(3,609)
Police pension	640,600	639,685	(915)
Liability insurance	210,000	209,700	(300)
Total property taxes	2,833,404	2,805,661	(27,743)
Other taxes			
Home rule sales tax	707,840	786,894	79,054
Sales tax sharing - North Chicago	6,000	50,877	44,877
Prepared food and beverage tax	98,550	96,703	(1,847)
Utility tax - natural gas	169,505	144,777	(24,728)
Utility tax - electricity	321,300	310,021	(11,279)
Telecommunications tax	239,140	222,923	(16,217)
Demolition tax	20,000	42,500	22,500
Road and bridge	77,000	79,018	2,018
Personal property replacement tax	36,000	37,537	1,537
Replacement tax - police pension	5,750	5,695	(55)
Sales tax	2,697,840	2,793,107	95,267
Sales tax - auto rental	6,000	3,793	(2,207)
Total other taxes	4,384,925	4,573,845	188,920
Total taxes	7,218,329	7,379,506	161,177
Licenses, permits and fees			
Beverage licenses	15,000	27,580	12,580
Farmers' market permit	7,600	8,377	777
Vehicle license fees	133,250	127,738	(5,512)
Vehicle licenses - late fees	2,000	2,210	210
Village lot parking fees	9,000	6,385	(2,615)

(This schedule is continued on the following pages.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)			
Licenses, permits and fees (Continued)			
Central business district (CBD) parking permits	\$ 1,000	\$ 550	\$ (450)
Commuter lot parking fees	90,000	86,975	(3,025)
Bicycle licenses	10	3	(7)
Peddler permits	300	-	(300)
Contractor's business license	26,000	27,900	1,900
Business license	3,500	4,000	500
Building permits	660,000	476,631	(183,369)
Demolition permits	33,200	19,289	(13,911)
Electrical, plumbing, heating and air conditioning	7,500	4,472	(3,028)
Plan review fees - fire and building	200	600	400
Plan review fees - sprinkler	2,000	1,500	(500)
Elevator plan review	-	480	480
Occupancy permits	3,000	3,500	500
Business occupancy permits	700	1,000	300
Street opening permits	5,900	3,850	(2,050)
Sewer permits	3,000	11,500	8,500
Pools and spas	500	2,925	2,425
Other permits	5,000	5,506	506
Alarm system license	9,200	8,875	(325)
Telecom franchise fees	7,000	7,158	158
PEG access fees	31,000	39,013	8,013
Cable franchise fees	110,136	109,426	(710)
	<hr/>	<hr/>	<hr/>
Total licenses, permits and fees	1,165,996	987,443	(178,553)
Intergovernmental			
State income taxes	546,750	609,807	63,057
Federal grants	296,600	2,672	(293,928)
State grants	400	400	-
	<hr/>	<hr/>	<hr/>
Total intergovernmental	843,750	612,879	(230,871)
Charges for services			
Public works			
Sewer charge	176,000	162,931	(13,069)
Stormwater ordinance review	1,000	3,700	2,700
Public safety			
Fire protection district and police services	25,900	18,741	(7,159)

(This schedule is continued on the following page.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)			
Charges for services (Continued)			
General government			
Photo copy sales	\$ 300	\$ 519	\$ 219
Maps and publications	25	35	10
Zoning application fees	2,250	7,300	5,050
Rental income	149,766	168,997	19,231
Total charges for services	<u>355,241</u>	<u>362,223</u>	<u>6,982</u>
Fines and forfeitures			
Public safety			
Court fines	65,000	82,866	17,866
Alarm system fines	2,500	3,500	1,000
Parking fines	22,000	23,847	1,847
Vehicle sticker fines	3,500	5,975	2,475
Nuisances fines	1,000	1,815	815
Animal impoundment fee	600	275	(325)
General government			
Other fines/building code fines	500	1,325	825
Total fines and forfeitures	<u>95,100</u>	<u>119,603</u>	<u>24,503</u>
Investment income	<u>12,000</u>	<u>13,380</u>	<u>1,380</u>
Miscellaneous			
Police training refunds	-	100	100
Recycling rebates	10,000	290	(9,710)
Contributions/donations	-	2,360	2,360
Tree sharing program	-	4,015	4,015
Naperville contributions/impact fee	-	55,445	55,445
Tree permit and mitigation fee	35,000	75,839	40,839
Miscellaneous income	5,000	7,813	2,813
Police application fee	1,000	1,073	73
IRMA rebate	30,000	-	(30,000)
Asset sale	1,500	-	(1,500)
Total miscellaneous	<u>82,500</u>	<u>146,935</u>	<u>64,435</u>
TOTAL REVENUES	<u><u>\$ 9,772,916</u></u>	<u><u>\$ 9,621,969</u></u>	<u><u>\$ (150,947)</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT			
Administrator's office			
Personnel	\$ 420,565	\$ 436,789	\$ 16,224
Contractual services/commodities	503,315	446,285	(57,030)
Contingency	200,000	-	(200,000)
Capital outlay	15,000	-	(15,000)
Total administrator's office	<u>1,138,880</u>	<u>883,074</u>	<u>(255,806)</u>
Finance department			
Personnel	324,200	325,861	1,661
Contractual services/commodities	106,025	124,227	18,202
Total finance department	<u>430,225</u>	<u>450,088</u>	<u>19,863</u>
Boards and commissions			
Contractual services/commodities	72,200	43,581	(28,619)
Total boards and commissions	<u>72,200</u>	<u>43,581</u>	<u>(28,619)</u>
Engineering, community development			
Personnel	175,265	205,228	29,963
Contractual services/commodities	152,355	124,571	(27,784)
Total engineering, community development	<u>327,620</u>	<u>329,799</u>	<u>2,179</u>
Village hall			
Personnel	9,350	19,152	9,802
Contractual services/commodities	27,000	25,617	(1,383)
Capital outlay	77,000	1,985	(75,015)
Total village hall	<u>113,350</u>	<u>46,754</u>	<u>(66,596)</u>
Village properties			
Contractual services/commodities	7,150	3,605	(3,545)
Total village properties	<u>7,150</u>	<u>3,605</u>	<u>(3,545)</u>
Total general government	<u>2,089,425</u>	<u>1,756,901</u>	<u>(332,524)</u>

(This schedule is continued on the following pages.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY			
Police protection			
Personnel	\$ 1,895,390	\$ 1,909,905	\$ 14,515
Police pension contribution	646,350	645,381	(969)
Contractual services/commodities	197,195	223,197	26,002
Capital outlay	49,000	41,582	(7,418)
Total police protection	<u>2,787,935</u>	<u>2,820,065</u>	<u>32,130</u>
Police dispatch and operations			
Personnel	199,350	176,680	(22,670)
Contractual services/commodities	275,383	332,018	56,635
Total police dispatch and operations	<u>474,733</u>	<u>508,698</u>	<u>33,965</u>
Crossing guards			
Personnel	9,850	6,920	(2,930)
Total crossing guards	<u>9,850</u>	<u>6,920</u>	<u>(2,930)</u>
Fire protection			
Personnel	178,099	158,559	(19,540)
Contractual services/commodities	431,050	359,357	(71,693)
Capital outlay	24,000	14,867	(9,133)
Total fire protection	<u>633,149</u>	<u>532,783</u>	<u>(100,366)</u>
Public safety buildings			
Personnel	9,350	19,168	9,818
Contractual services/commodities	63,200	40,736	(22,464)
Capital outlay	13,000	12,493	(507)
Total public safety buildings	<u>85,550</u>	<u>72,397</u>	<u>(13,153)</u>
Total public safety	<u>3,991,217</u>	<u>3,940,863</u>	<u>(50,354)</u>

(This schedule is continued on the following pages.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS			
Streets and bridges			
Personnel	\$ 378,400	\$ 371,692	\$ (6,708)
Contractual services/commodities	207,700	213,740	6,040
Capital outlay	1,292,000	863,002	(428,998)
Total streets and bridges	<u>1,878,100</u>	<u>1,448,434</u>	<u>(429,666)</u>
Sanitation			
Personnel	7,125	7,281	156
Contractual services/commodities	596,450	621,102	24,652
Total sanitation	<u>603,575</u>	<u>628,383</u>	<u>24,808</u>
Forestry			
Personnel	110,727	93,372	(17,355)
Contractual services/commodities	51,350	49,232	(2,118)
Capital outlay	10,750	5,801	(4,949)
Total forestry	<u>172,827</u>	<u>148,405</u>	<u>(24,422)</u>
Parks and parkways			
Personnel	40,835	50,759	9,924
Contractual services/commodities	56,550	55,868	(682)
Capital outlay	100,000	1,234	(98,766)
Total parks and parkways	<u>197,385</u>	<u>107,861</u>	<u>(89,524)</u>
Sewers			
Personnel	159,615	127,919	(31,696)
Contractual services/commodities	45,250	120,678	75,428
Capital outlay	285,000	28,940	(256,060)
Total sewers	<u>489,865</u>	<u>277,537</u>	<u>(212,328)</u>

(This schedule is continued on the following page.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)			
Public works facility			
Personnel	\$ 5,225	\$ 18,823	\$ 13,598
Contractual services/commodities	39,800	66,285	26,485
Capital outlay	8,500	1,985	(6,515)
Total public works facility	<u>53,525</u>	<u>87,093</u>	<u>33,568</u>
Commuter station building and lot			
Personnel	40,098	32,116	(7,982)
Contractual services/commodities	45,830	52,337	6,507
Capital outlay	3,000	21,835	18,835
Total commuter station building and lot	<u>88,928</u>	<u>106,288</u>	<u>17,360</u>
Total public works	<u>3,484,205</u>	<u>2,804,001</u>	<u>(680,204)</u>
TOTAL EXPENDITURES	<u>\$ 9,564,847</u>	<u>\$ 8,501,765</u>	<u>\$ (1,063,082)</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues from specific taxes or other restricted or committed revenue sources that by law are required to finance particular functions or activities of government and that cannot be diverted to other uses. The nonmajor special revenue funds maintained by the Village are as follows:

Illinois Municipal Retirement Fund - to account for revenues derived from a separate property tax levy and disbursement of those funds for the contribution to the state sponsored Illinois Municipal Retirement Fund.

Fire Department Special Fund - to account for revenues derived from the Foreign Fire Insurance Tax and disbursement of these funds for the benefit, use and maintenance related to the Fire Department.

Federal Social Security Fund - to account for revenues derived from a separate property tax levy and disbursement of these funds for the cost of the Village's required contribution to FICA on behalf of the Village employees.

Motor Fuel Tax Fund - to account for maintenance and various street improvements in the Village. Financing is provided by the Village's share of the Motor Fuel Tax allotments. Compiled statutes restrict those allotments to be used to maintain streets.

E-911 Fund - to account for the purchase and implementation of emergency dispatching equipment. Financing is provided by a restricted monthly surcharge being assessed against telephone lines usage.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS

Debt service funds are used to account for the funds committed, restricted or assigned for the servicing of general long-term debt. The nonmajor debt service funds maintained by the Village are as follows:

Special Service Area Bond Fund - to account for the accumulation of resources for the payment of principal and interest on the Special Service Area Ad Valorem Tax Bonds. Financing is provided by a property tax levy on the affected properties.

2006/2012 General Obligation Bond Fund - to account for the accumulation of resources for the payment of principal and interest on the 2006 General Obligation Bond and the 2012 General Obligation Refunding Bond. Financing is provided by a transfer from the General Fund.

CAPITAL PROJECTS FUNDS

Capital projects funds account for the resources committed, restricted or assigned for the acquisition and/or construction of capital assets. The nonmajor capital projects funds maintained by the Village are as follows:

Special Service Area Capital Improvement Fund - to account for the proceeds of special service area bonds used for capital improvements in a special service district within the Village.

Vehicle/Equipment Replacement Fund - to account for the accumulation of resources for the replacement of vehicles and equipment. Financing is provided by transfers from the General Fund and advances from the Water Fund.

Redevelopment Program Fund - to account for the accumulation of resources restricted for the redevelopment of the Village's commercial and industrial business districts and areas as restricted by enabling legislation.

VILLAGE OF LAKE BLUFF, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2016

	Special Revenue					Total Nonmajor Special Revenue Funds
	Illinois Municipal Retirement	Fire Department Special	Federal Social Security	Motor Fuel Tax	E-911	
ASSETS						
Cash and investments	\$ 35,194	\$ 30,343	\$ 140,122	\$ 342,883	\$ 265,284	\$ 813,826
Receivables, net						
Property taxes	151,886	-	195,703	-	-	347,589
Other taxes	-	-	-	13,022	-	13,022
Accrued interest	-	-	-	-	-	-
Accounts	614	-	-	-	12,112	12,726
Intergovernmental	-	-	-	-	-	-
TOTAL ASSETS	\$ 187,694	\$ 30,343	\$ 335,825	\$ 355,905	\$ 277,396	\$ 1,187,163
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 12,451	\$ -	\$ -	\$ -	\$ -	\$ 12,451
Other liabilities	534	-	641	-	-	1,175
Advance from other funds	-	-	-	-	-	-
Due to other funds	-	-	-	31,351	-	31,351
Total liabilities	12,985	-	641	31,351	-	44,977
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	151,886	-	195,703	-	-	347,589
Total deferred inflows of resources	151,886	-	195,703	-	-	347,589
Total liabilities and deferred inflows of resources	164,871	-	196,344	31,351	-	392,566
FUND BALANCES						
Restricted for employee benefits	22,823	-	139,481	-	-	162,304
Restricted for public safety	-	30,343	-	-	277,396	307,739
Restricted for highways and streets	-	-	-	324,554	-	324,554
Restricted for debt service	-	-	-	-	-	-
Restricted for capital outlay	-	-	-	-	-	-
Unrestricted						
Assigned for debt service	-	-	-	-	-	-
Assigned for capital outlay	-	-	-	-	-	-
Total fund balances	22,823	30,343	139,481	324,554	277,396	794,597
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 187,694	\$ 30,343	\$ 335,825	\$ 355,905	\$ 277,396	\$ 1,187,163

Debt Service			Capital Projects					
Special Service Area Bond	2006/2012 General Obligation Bond	Total Nonmajor Debt Service Funds	Special Service Area Capital Improvement	Vehicle/Equipment Replacement	Redevelopment Program	Total Nonmajor Capital Projects Funds	Total	
\$ 13,447	\$ 715	\$ 14,162	\$ 13,780	\$ 977,472	\$ 90,484	\$ 1,081,736	\$ 1,909,724	
-	-	-	-	-	-	-	347,589	
-	-	-	-	-	-	-	13,022	
-	-	-	-	26	-	26	26	
-	-	-	-	-	-	-	12,726	
-	-	-	-	-	183,299	183,299	183,299	
<u>\$ 13,447</u>	<u>\$ 715</u>	<u>\$ 14,162</u>	<u>\$ 13,780</u>	<u>\$ 977,498</u>	<u>\$ 273,783</u>	<u>\$ 1,265,061</u>	<u>\$ 2,466,386</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,295	\$ 11,295	\$ 23,746	
-	-	-	-	-	-	-	1,175	
-	-	-	-	288,691	-	288,691	288,691	
-	-	-	-	-	-	-	31,351	
-	-	-	-	288,691	11,295	299,986	344,963	
-	-	-	-	-	-	-	347,589	
-	-	-	-	-	-	-	347,589	
-	-	-	-	288,691	11,295	299,986	692,552	
-	-	-	-	-	-	-	162,304	
-	-	-	-	-	-	-	307,739	
-	-	-	-	-	-	-	324,554	
13,447	-	13,447	-	-	-	-	13,447	
-	-	-	-	-	262,488	262,488	262,488	
-	715	715	-	-	-	-	715	
-	-	-	13,780	688,807	-	702,587	702,587	
<u>13,447</u>	<u>715</u>	<u>14,162</u>	<u>13,780</u>	<u>688,807</u>	<u>262,488</u>	<u>965,075</u>	<u>1,773,834</u>	
<u>\$ 13,447</u>	<u>\$ 715</u>	<u>\$ 14,162</u>	<u>\$ 13,780</u>	<u>\$ 977,498</u>	<u>\$ 273,783</u>	<u>\$ 1,265,061</u>	<u>\$ 2,466,386</u>	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Special Revenue					Total Nonmajor Special Revenue Funds
	Illinois Municipal Retirement	Fire Department Special	Federal Social Security	Motor Fuel Tax	E-911	
REVENUES						
Property taxes	\$ 149,788	\$ -	\$ 189,732	\$ -	\$ -	\$ 339,520
Other taxes	3,883	-	4,660	-	19,236	27,779
Intergovernmental	-	28,094	-	146,362	59,855	234,311
Investment income	296	12	213	349	312	1,182
Miscellaneous	-	1	-	-	-	1
Total revenues	153,967	28,107	194,605	146,711	79,403	602,793
EXPENDITURES						
Current						
General government	275,952	-	53,463	-	-	329,415
Public safety	19,635	22,109	140,473	-	8,787	191,004
Public works	49,759	-	37,372	-	-	87,131
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	345,346	22,109	231,308	-	8,787	607,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(191,379)	5,998	(36,703)	146,711	70,616	(4,757)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(191,379)	5,998	(36,703)	146,711	70,616	(4,757)
FUND BALANCES, MAY 1	214,202	24,345	176,184	177,843	206,780	799,354
FUND BALANCES, APRIL 30	\$ 22,823	\$ 30,343	\$ 139,481	\$ 324,554	\$ 277,396	\$ 794,597

Debt Service			Capital Projects				Total
Special Service Area Bond	2006/2012 General Obligation Bond	Total Nonmajor Debt Service Funds	Special Service Area Capital Improvement	Vehicle/ Equipment Replacement	Redevelopment Program	Total Nonmajor Capital Projects Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 339,520
-	-	-	-	-	-	-	27,779
-	-	-	-	-	26,088	26,088	260,399
16	-	16	17	1,165	166	1,348	2,546
-	-	-	-	-	-	-	1
16	-	16	17	1,165	26,254	27,436	630,245
-	-	-	-	-	-	-	329,415
-	-	-	-	-	-	-	191,004
-	-	-	-	-	-	-	87,131
-	230,000	230,000	-	-	-	-	230,000
-	23,793	23,793	-	-	-	-	23,793
-	-	-	-	85,933	132,026	217,959	217,959
-	253,793	253,793	-	85,933	132,026	217,959	1,079,302
16	(253,793)	(253,777)	17	(84,768)	(105,772)	(190,523)	(449,057)
-	-	-	-	12,200	-	12,200	12,200
-	253,793	253,793	-	259,000	-	259,000	512,793
-	253,793	253,793	-	271,200	-	271,200	524,993
16	-	16	17	186,432	(105,772)	80,677	75,936
13,431	715	14,146	13,763	502,375	368,260	884,398	1,697,898
\$ 13,447	\$ 715	\$ 14,162	\$ 13,780	\$ 688,807	\$ 262,488	\$ 965,075	\$ 1,773,834

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND**

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 150,000	\$ 149,788	\$ (212)
Other taxes			
Replacement taxes	3,750	3,883	133
Investment income	40	296	256
Total revenues	153,790	153,967	177
EXPENDITURES			
Current			
General government			
Employer contributions	83,000	275,952	192,952
Public safety			
Employer contributions	22,750	19,635	(3,115)
Public works			
Employer contributions	52,500	49,759	(2,741)
Total expenditures	158,250	345,346	187,096
NET CHANGE IN FUND BALANCE	<u>\$ (4,460)</u>	(191,379)	<u>\$ (186,919)</u>
FUND BALANCE, MAY 1		<u>214,202</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 22,823</u></u>	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE DEPARTMENT SPECIAL FUND**

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Foreign fire insurance tax	\$ 27,350	\$ 28,094	\$ 744
Investment income	15	12	(3)
Miscellaneous	50	1	(49)
	27,415	28,107	692
Total revenues			
EXPENDITURES			
Public safety			
Volunteer recognition	7,500	6,033	(1,467)
Training and meetings	6,000	8,263	2,263
Uniforms	7,000	375	(6,625)
Cable television	-	419	419
Postage	300	-	(300)
Community awareness	1,500	837	(663)
Donations	1,500	1,550	50
Smoke detector program	500	46	(454)
Minor equipment	1,000	688	(312)
Furniture and equipment	5,000	3,230	(1,770)
Miscellaneous	500	668	168
	30,800	22,109	(8,691)
Total expenditures			
NET CHANGE IN FUND BALANCE	\$ (3,385)	5,998	\$ 9,383
FUND BALANCE, MAY 1		24,345	
FUND BALANCE, APRIL 30		\$ 30,343	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL SOCIAL SECURITY FUND**

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 190,000	\$ 189,732	\$ (268)
Other taxes			
Replacement taxes	4,000	4,660	660
Investment income	50	213	163
Total revenues	194,050	194,605	555
EXPENDITURES			
Current			
General government			
Employer contributions	53,600	53,463	(137)
Public safety			
Employer contributions	150,700	140,473	(10,227)
Public works			
Employer contributions	41,225	37,372	(3,853)
Total expenditures	245,525	231,308	(14,217)
NET CHANGE IN FUND BALANCE	<u>\$ (51,475)</u>	(36,703)	<u>\$ 14,772</u>
FUND BALANCE, MAY 1		<u>176,184</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 139,481</u></u>	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Allotments earned	\$ 171,000	\$ 146,362	\$ (24,638)
Investment income	45	349	304
	<hr/>	<hr/>	<hr/>
Total revenues	171,045	146,711	(24,334)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 171,045</u>	146,711	<u>\$ (24,334)</u>
FUND BALANCE, MAY 1		<u>177,843</u>	
FUND BALANCE, APRIL 30		<u>\$ 324,554</u>	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
E-911 FUND**

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Other taxes			
Telephone surcharge	\$ 25,000	\$ 19,236	\$ (5,764)
Intergovernmental			
Wireless surcharge	53,500	59,855	6,355
Investment income	30	312	282
	<hr/>	<hr/>	<hr/>
Total revenues	78,530	79,403	873
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Public safety			
Miscellaneous	46,400	8,787	(37,613)
Capital outlay	95,542	-	(95,542)
	<hr/>	<hr/>	<hr/>
Total expenditures	141,942	8,787	(133,155)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (63,412)</u>	70,616	<u>\$ 134,028</u>
FUND BALANCE, MAY 1		<u>206,780</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 277,396</u></u>	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2006/2012 GENERAL OBLIGATION BOND FUND**

For Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
None	\$ -	\$ -	\$ -
EXPENDITURES			
General government - financing costs	500	-	(500)
Debt service			
Principal	230,000	230,000	-
Interest	23,793	23,793	-
Total expenditures	254,293	253,793	(500)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(254,293)	(253,793)	500
OTHER FINANCING SOURCES (USES)			
Transfers in from General Fund	254,293	253,793	(500)
Total other financing sources (uses)	254,293	253,793	(500)
NET CHANGE IN FUND BALANCE	\$ -	-	\$ -
FUND BALANCE, MAY 1		715	
FUND BALANCE, APRIL 30		\$ 715	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VEHICLE/EQUIPMENT REPLACEMENT FUND**

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Investment income	\$ 300	\$ 1,165	\$ 865
Total revenues	<u>300</u>	<u>1,165</u>	<u>865</u>
EXPENDITURES			
Capital outlay			
General government equipment	40,000	4,696	(35,304)
Public safety vehicles	35,100	38,895	3,795
Public works vehicles	119,650	42,342	(77,308)
Total expenditures	<u>194,750</u>	<u>85,933</u>	<u>(108,817)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(194,450)</u>	<u>(84,768)</u>	<u>109,682</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	5,000	12,200	7,200
Transfers in from			
General Fund	259,000	259,000	-
Water Fund	15,000	-	(15,000)
Total other financing sources (uses)	<u>279,000</u>	<u>271,200</u>	<u>(7,800)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 84,550</u>	186,432	<u>\$ 101,882</u>
FUND BALANCE, MAY 1		<u>502,375</u>	
FUND BALANCE, APRIL 30		<u>\$ 688,807</u>	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ -	\$ 26,088	\$ 26,088
Investment income	10	166	156
Total revenues	10	26,254	26,244
EXPENDITURES			
Capital outlay			
Infrastructure improvements	95,000	132,026	37,026
Total expenditures	95,000	132,026	37,026
NET CHANGE IN FUND BALANCE	<u>\$ (94,990)</u>	(105,772)	<u>\$ (10,782)</u>
FUND BALANCE, MAY 1		<u>368,260</u>	
FUND BALANCE, APRIL 30		<u>\$ 262,488</u>	

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

Water Fund - to account for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and billing and collection.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES			
Water sales	\$ 1,365,120	\$ 1,181,435	\$ (183,685)
Meter sales	6,500	6,708	208
Tap-on fees	150	2,500	2,350
Water connection fees	22,000	28,800	6,800
Miscellaneous	450	471	21
Total operating revenues	<u>1,394,220</u>	<u>1,219,914</u>	<u>(174,306)</u>
OPERATING EXPENSES			
Administration and finance			
Personnel services	292,381	348,156	55,775
Contractual services/commodities	97,345	153,442	56,097
Contingency	50,000	-	(50,000)
Water purchases	628,125	614,751	(13,374)
Water infrastructure	340,000	-	(340,000)
Total operating expenses	<u>1,407,851</u>	<u>1,116,349</u>	<u>(291,502)</u>
OPERATING INCOME (LOSS)	<u>(13,631)</u>	<u>103,565</u>	<u>117,196</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	2,000	2,849	849
Interest expense	(53,544)	(58,308)	(4,764)
Principal expense	(165,000)	(165,000)	-
Total non-operating revenues (expenses)	<u>(216,544)</u>	<u>(220,459)</u>	<u>(3,915)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(230,175)</u>	<u>(116,894)</u>	<u>113,281</u>
TRANSFERS			
Transfers (out)	(15,000)	-	15,000
Total transfers	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
CONTRIBUTED CAPITAL	<u>-</u>	<u>52,700</u>	<u>52,700</u>
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ (245,175)</u>	<u>(64,194)</u>	<u>\$ 180,981</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(258,557)	
Principal expense		165,000	
Total adjustments to GAAP basis		<u>(93,557)</u>	
CHANGE IN NET POSITION GAAP BASIS		<u>(157,751)</u>	
NET POSITION, MAY 1		6,066,555	
Change in accounting principle		<u>(6,973)</u>	
NET POSITION, MAY 1, RESTATED		<u>6,059,582</u>	
NET POSITION, APRIL 30		<u>\$ 5,901,831</u>	

(See independent auditor's report.)

FIDUCIARY FUND

Police Pension Fund - to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by sworn police officers at rates fixed by law and the Village at amounts determined by an annual actuarial study.

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
ADDITIONS			
Contributions			
Employer contributions	\$ 646,350	\$ 645,381	\$ (969)
Plan members contributions	127,145	129,205	2,060
Total contributions	<u>773,495</u>	<u>774,586</u>	<u>1,091</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	30,000	(275,884)	(305,884)
Investment income	167,800	199,068	31,268
Total investment income	<u>197,800</u>	<u>(76,816)</u>	<u>(274,616)</u>
Less investment expense	<u>(37,000)</u>	<u>(38,561)</u>	<u>(1,561)</u>
Net investment income	<u>160,800</u>	<u>(115,377)</u>	<u>(276,177)</u>
Total additions	<u>934,295</u>	<u>659,209</u>	<u>(275,086)</u>
DEDUCTIONS			
Pension benefits and refunds	800,000	769,893	(30,107)
Administration			
Fees	6,575	10,228	3,653
Miscellaneous	3,125	-	(3,125)
Total deductions	<u>809,700</u>	<u>780,121</u>	<u>(29,579)</u>
NET INCREASE (DECREASE)	<u>\$ 124,595</u>	<u>(120,912)</u>	<u>\$ (245,507)</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1		<u>8,934,449</u>	
April 30		<u>\$ 8,813,537</u>	

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
2011 GENERAL OBLIGATION REFUNDING BONDS**

For Year Ended April 30, 2016

Paying Agent: Wells Fargo Bank, N.A.

Tax Year	Fiscal Year	Principal Payment	Interest Payment	Total Payment	Payment Date	Interest Rate
Payments Made						
2011	2012-13	\$ 10,000	\$ 68,664	\$ 78,664	12/15/12	2.000%
2012	2013-14	155,000	59,944	214,944	12/15/13	2.000%
2013	2014-15	165,000	56,844	221,844	12/15/14	2.000%
2014	2015-16	165,000	53,544	218,544	12/15/15	2.000%
Total payments made		<u>495,000</u>	<u>238,996</u>	<u>733,996</u>		
Current Outstanding						
2015	2016-17	170,000	50,244	220,244	12/15/16	2.000%
2016	2017-18	170,000	46,844	216,844	12/15/17	2.500%
2017	2018-19	180,000	42,592	222,592	12/15/18	2.750%
2018	2019-20	180,000	37,644	217,644	12/15/19	2.875%
2019	2020-21	185,000	32,469	217,469	12/15/20	3.125%
2020	2021-22	190,000	26,688	216,688	12/15/21	3.250%
2021	2022-23	200,000	20,512	220,512	12/15/22	3.250%
2022	2023-24	205,000	14,013	219,013	12/15/23	3.250%
2023	2024-25	210,000	7,350	217,350	12/15/24	3.500%
Total current outstanding		<u>1,690,000</u>	<u>278,356</u>	<u>1,968,356</u>		
ORIGINAL ISSUE		<u>\$ 2,185,000</u>	<u>\$ 517,352</u>	<u>\$ 2,702,352</u>		

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
2012 GENERAL OBLIGATION REFUNDING BONDS**

For Year Ended April 30, 2016

Paying Agent: Wells Fargo Bank, N.A.

Tax Year	Fiscal Year	Principal Payment	Interest Payment	Total Payment	Payment Date	Interest Rate
Payments Made						
2012	2013-14	\$ 25,000	\$ 26,050	\$ 51,050	12/15/13	0.75%
2013	2014-15	230,000	25,863	255,863	12/15/14	0.90%
2014	2015-16	230,000	23,792	253,792	12/15/15	1.00%
Total payments made		<u>485,000</u>	<u>75,705</u>	<u>560,705</u>		
Current Outstanding						
2015	2016-17	230,000	21,493	251,493	12/15/16	1.25%
2016	2017-18	235,000	18,616	253,616	12/15/17	1.55%
2017	2018-19	240,000	14,975	254,975	12/15/18	1.75%
2018	2019-20	245,000	10,775	255,775	12/15/19	2.00%
2019	2020-21	250,000	5,875	255,875	12/15/20	2.35%
Total current outstanding		<u>1,200,000</u>	<u>71,734</u>	<u>1,271,734</u>		
ORIGINAL ISSUE		<u>\$ 1,685,000</u>	<u>\$ 147,439</u>	<u>\$ 1,832,439</u>		

(See independent auditor's report.)

STATISTICAL SECTION

This part of the Village of Lake Bluff, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information displays about the Village's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	88-89
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	100-107
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	108-112
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	113-114
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	115-118

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

VILLAGE OF LAKE BLUFF, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Years	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 14,636,441	\$ 15,098,822	\$ 15,359,265	\$ 16,654,652
Restricted	3,675,276	4,337,303	2,037,230	1,587,832
Unrestricted	2,490,696	1,982,938	3,400,024	3,774,371
TOTAL GOVERNMENTAL ACTIVITIES	\$ 20,802,413	\$ 21,419,063	\$ 20,796,519	\$ 22,016,855
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 4,812,471	\$ 4,689,723	\$ 4,574,606	\$ 4,482,081
Unrestricted	1,629,307	1,834,495	1,902,188	1,735,068
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,441,778	\$ 6,524,218	\$ 6,476,794	\$ 6,217,149
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 19,448,912	\$ 19,788,545	\$ 19,933,871	\$ 21,136,733
Restricted	3,675,276	4,337,303	2,037,230	1,587,832
Unrestricted	4,120,003	3,817,433	5,302,212	5,509,439
TOTAL PRIMARY GOVERNMENT	\$ 27,244,191	\$ 27,943,281	\$ 27,273,313	\$ 28,234,004

Data Source

The Village's CAFR

Note: GASB Statement No. 68 was implemented in 2016, causing the deficit in governmental activities unrestricted net positions

2011	2012	2013	2014	2015	2016
\$ 16,433,199	\$ 16,449,622	\$ 16,664,503	\$ 18,244,636	\$ 18,167,834	\$ 18,084,663
1,497,653	1,580,539	1,437,679	1,514,622	1,181,045	1,070,532
3,546,695	3,557,045	3,887,725	4,204,894	5,331,453	(1,398,429)
<u>\$ 21,477,547</u>	<u>\$ 21,587,206</u>	<u>\$ 21,989,907</u>	<u>\$ 23,964,152</u>	<u>\$ 24,680,332</u>	<u>\$ 17,756,766</u>
\$ 4,398,432	\$ 4,737,154	\$ 4,693,695	\$ 4,654,897	\$ 4,597,438	\$ 4,567,272
1,672,417	1,348,074	1,465,022	1,498,045	1,469,117	1,334,559
<u>\$ 6,070,849</u>	<u>\$ 6,085,228</u>	<u>\$ 6,158,717</u>	<u>\$ 6,152,942</u>	<u>\$ 6,066,555</u>	<u>\$ 5,901,831</u>
\$ 20,831,631	\$ 21,186,776	\$ 21,358,198	\$ 22,899,533	\$ 22,765,272	\$ 22,651,935
1,497,653	1,580,539	1,437,679	1,514,622	1,181,045	1,070,532
5,219,112	4,905,119	5,352,747	5,702,939	6,800,570	(63,870)
<u>\$ 27,548,396</u>	<u>\$ 27,672,434</u>	<u>\$ 28,148,624</u>	<u>\$ 30,117,094</u>	<u>\$ 30,746,887</u>	<u>\$ 23,658,597</u>

VILLAGE OF LAKE BLUFF, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
EXPENSES				
Governmental activities				
General government	\$ 2,814,923	\$ 2,708,645	\$ 2,423,284	\$ 1,946,291
Public safety	3,229,925	3,589,680	3,856,962	4,027,882
Public works	3,214,011	2,116,890	3,449,586	3,174,664
Interest on long-term debt	88,851	150,799	173,693	119,692
Total governmental activities expenses	9,347,710	8,566,014	9,903,525	9,268,529
Business-type activities				
Water	1,160,630	1,266,233	1,172,971	1,336,637
Total business-type activities expenses	1,160,630	1,266,233	1,172,971	1,336,637
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 10,508,340	\$ 9,832,247	\$ 11,076,496	\$ 10,605,166
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 1,007,518	\$ 262,970	\$ 968,602	\$ 859,253
Police and fire	196,406	122,457	150,057	122,978
Public works	212,161	220,874	196,148	189,548
Operating grants and contributions	185,442	240,528	205,604	195,079
Capital grants and contributions	-	-	685,500	1,429,087
Total governmental activities program revenues	1,601,527	846,829	2,205,911	2,795,945
Business-type activities				
Charges for services				
Water	1,227,045	1,326,282	1,133,555	1,071,074
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,227,045	1,326,282	1,133,555	1,071,074
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 2,828,572	\$ 2,173,111	\$ 3,339,466	\$ 3,867,019
NET REVENUE (EXPENSE)				
Governmental activities	\$ (7,746,183)	\$ (7,719,185)	\$ (7,697,614)	\$ (6,472,584)
Business-type activities	66,415	60,049	(39,416)	(265,563)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (7,679,768)	\$ (7,659,136)	\$ (7,737,030)	\$ (6,738,147)

	2011	2012	2013	2014	2015	2016
\$	2,062,487	\$ 1,677,840	\$ 1,749,648	\$ 1,141,173	\$ 1,951,673	\$ 2,224,260
	4,085,025	4,105,315	4,208,309	4,445,493	4,684,816	4,695,096
	3,249,937	2,985,744	3,693,891	2,875,330	3,091,324	3,137,588
	104,143	88,316	61,496	43,904	38,059	35,963
	9,501,592	8,857,215	9,713,344	8,505,900	9,765,872	10,092,907
	1,327,218	1,218,425	1,388,909	1,335,190	1,316,349	1,433,214
	1,327,218	1,218,425	1,388,909	1,335,190	1,316,349	1,433,214
\$	10,828,810	\$ 10,075,640	\$ 11,102,253	\$ 9,841,090	\$ 11,082,221	\$ 11,526,121
\$	794,571	\$ 849,175	\$ 931,338	\$ 1,154,728	\$ 1,762,803	\$ 1,164,293
	144,034	143,296	139,005	178,582	186,057	156,255
	187,591	184,767	195,079	180,512	165,697	167,956
	232,581	198,900	187,962	201,765	218,883	174,456
	492,360	499,915	1,386,979	1,020,690	248,314	29,160
	1,851,137	1,876,053	2,840,363	2,736,277	2,581,754	1,692,120
	1,177,545	1,229,799	1,447,150	1,326,523	1,227,057	1,219,443
	-	-	1,326,523	-	-	52,700
	1,177,545	1,229,799	2,773,673	1,326,523	1,227,057	1,272,143
\$	3,028,682	\$ 3,105,852	\$ 5,614,036	\$ 4,062,800	\$ 3,808,811	\$ 2,964,263
\$	(7,650,455)	\$ (6,981,162)	\$ (6,872,981)	\$ (5,769,623)	\$ (7,184,118)	\$ (8,400,787)
	(149,673)	11,374	1,384,764	(8,667)	(89,292)	(161,071)
\$	(7,800,128)	\$ (6,969,788)	\$ (5,488,217)	\$ (5,778,290)	\$ (7,273,410)	\$ (8,561,858)

VILLAGE OF LAKE BLUFF, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Property	\$ 2,244,225	\$ 2,389,677	\$ 2,510,766	\$ 2,649,929
Intergovernmental	668,708	726,705	666,049	582,343
Utility tax	599,742	591,601	599,663	481,233
Telecommunications tax	406,537	398,650	344,701	344,701
Hotel occupancy tax (1)	72,036	-	-	-
Sales	3,218,327	3,242,281	2,673,399	2,695,117
Other taxes	90,593	157,061	108,982	143,214
Gain (loss) on sale of capital assets	5,127	384,231	-	-
Shared income tax (2)	-	-	-	-
Investment income	319,950	339,738	117,844	25,725
Miscellaneous	110,102	84,580	146,681	257,932
Transfers	26,651	21,311	26,828	-
Total governmental activities	7,761,998	8,335,835	7,194,913	7,180,194
Business-type activities				
Investment income	70,523	55,149	19,639	5,462
Transfers	(26,651)	(32,758)	(26,828)	-
Miscellaneous	-	-	2,197	456
Total business-type activities	43,872	22,391	(4,992)	5,918
TOTAL PRIMARY GOVERNMENT	\$ 7,805,870	\$ 8,358,226	\$ 7,189,921	\$ 7,186,112
CHANGE IN NET POSITION				
Governmental activities	\$ 15,815	\$ 616,650	\$ (502,701)	\$ 707,610
Business-type activities	110,287	82,440	(44,408)	(259,645)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 126,102	\$ 699,090	\$ (547,109)	\$ 447,965

Note:

(1) The only hotel occupancy generating facility in the Village closed December 31, 2006.

(2) State shared income taxes were reclassified from other taxes to intergovernmental revenues during the fiscal year ended April 30, 2012.

Data Source

Village's CAFR

	2011	2012	2013	2014	2015	2016
\$	2,704,232	\$ 2,847,986	\$ 2,903,873	\$ 3,064,916	\$ 3,087,275	\$ 3,145,181
	575,692	-	-	-	-	-
	467,150	415,787	404,618	410,630	407,546	333,021
	344,701	344,701	344,701	344,701	344,701	344,701
	-	-	-	-	-	-
	2,752,483	2,562,532	2,541,332	2,803,586	3,080,871	3,634,671
	142,350	230,743	169,766	288,266	310,737	329,852
	-	-	-	109,192	-	-
	-	469,244	515,670	557,587	560,382	609,807
	22,677	18,023	15,768	11,149	9,955	15,926
	101,862	201,805	337,983	153,841	98,831	146,935
	-	-	41,971	-	-	-
	7,111,147	7,090,821	7,275,682	7,743,868	7,900,298	8,560,094
	2,941	2,572	2,820	2,443	2,456	2,849
	-	-	67,694	-	-	-
	432	433	7,747	449	449	471
	3,373	3,005	78,261	2,892	2,905	3,320
\$	7,114,520	\$ 7,093,826	\$ 7,353,943	\$ 7,746,760	\$ 7,903,203	\$ 8,563,414
\$	(539,308)	\$ 109,659	\$ 402,701	\$ 1,974,245	\$ 716,180	\$ 159,307
	(146,300)	14,379	1,463,025	(5,775)	(86,387)	(157,751)
\$	(685,608)	\$ 124,038	\$ 1,865,726	\$ 1,968,470	\$ 629,793	\$ 1,556

VILLAGE OF LAKE BLUFF, ILLINOIS

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
PROGRAM REVENUES				
Governmental activities				
General government	\$ 1,008,618	\$ 308,622	\$ 990,091	\$ 859,253
Police and fire	201,674	145,026	172,938	162,147
Public works	391,235	393,181	1,042,882	1,774,545
Total governmental activities program revenues	1,601,527	846,829	2,205,911	2,795,945
Business-type activities				
Water and sewer	1,227,045	1,326,282	1,133,555	1,071,074
Total business-type activities program revenues	1,227,045	1,326,282	1,133,555	1,071,074
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 2,828,572	\$ 2,173,111	\$ 3,339,466	\$ 3,867,019

Note: The statement of activities provides a breakdown of charges for services, grants and contributions.

Data Source

Village's CAFR

	2011	2012	2013	2014	2015	2016
\$	819,525	\$ 849,175	\$ 931,338	\$ 1,154,728	\$ 1,762,803	\$ 1,164,293
	169,083	172,238	333,005	212,784	212,112	184,349
	862,529	854,640	1,576,020	1,368,765	606,839	343,478
	1,851,137	1,876,053	2,840,363	2,736,277	2,581,754	1,692,120
	1,177,545	1,229,799	1,447,150	1,326,523	1,227,057	1,272,143
	1,177,545	1,229,799	1,447,150	1,326,523	1,227,057	1,272,143
\$	3,028,682	\$ 3,105,852	\$ 4,287,513	\$ 4,062,800	\$ 3,808,811	\$ 2,964,263

VILLAGE OF LAKE BLUFF, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GENERAL FUND				
Reserved	\$ 7,950	\$ 24,022	\$ 1,599	\$ 19,944
Unreserved	3,412,538	4,772,198	4,175,389	4,265,053
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL GENERAL FUND	\$ 3,420,488	\$ 4,796,220	\$ 4,176,988	\$ 4,284,997
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ -	\$ -	\$ 18,795	\$ 1,587,832
Unreserved, reported in				
Special revenue funds	3,024,337	1,615,653	991,204	-
Capital project funds	241,763	1,088,943	1,027,231	418,785
Debt service funds	18,790	18,213	(1,780)	2,545
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted				
Assigned for debt service	-	-	-	-
Assigned for capital outlay	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 3,284,890	\$ 2,722,809	\$ 2,035,450	\$ 2,009,162

Note: GASB Statement No. 54 was implemented for the 2012 fiscal year.

Data Source

Village's CAFR

2011	2012	2013	2014	2015	2016
\$ 28,969	\$ -	\$ -	\$ -	\$ -	\$ -
4,180,772	-	-	-	-	-
-	60,487	24,500	25,386	16,196	8,136
-	3,047	3,047	-	-	-
-	300,000	485,000	300,000	300,000	300,000
-	4,021,571	4,147,263	4,719,985	5,836,621	6,452,092
<u>\$ 4,209,741</u>	<u>\$ 4,385,105</u>	<u>\$ 4,659,810</u>	<u>\$ 5,045,371</u>	<u>\$ 6,152,817</u>	<u>\$ 6,760,228</u>
\$ 1,497,653	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
387,502	-	-	-	-	-
1,745	-	-	-	-	-
-	-	-	-	-	-
-	1,577,492	1,434,632	1,514,622	1,181,045	1,070,532
-	1,245	965	715	715	715
-	376,029	375,339	392,910	516,138	702,587
<u>\$ 1,886,900</u>	<u>\$ 1,954,766</u>	<u>\$ 1,810,936</u>	<u>\$ 1,908,247</u>	<u>\$ 1,697,898</u>	<u>\$ 1,773,834</u>

VILLAGE OF LAKE BLUFF, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
REVENUES				
Property taxes	\$ 2,244,225	\$ 2,389,677	\$ 2,510,766	\$ 2,649,929
Other taxes	5,032,731	5,116,298	4,378,506	4,234,619
Licenses, fees and permits	864,760	1,378,688	840,006	709,643
Fines and penalties	182,500	96,598	92,910	64,596
Intergovernmental	208,654	240,528	260,695	578,658
Sewer and other charge for service	368,825	386,087	341,089	360,549
Interest earnings	319,950	339,738	117,844	25,725
Grants, donations	-	-	-	-
Proceeds from sale of capital assets	59,285	-	-	-
Miscellaneous	50,817	84,580	36,717	72,566
Total revenues	9,331,747	10,032,194	8,578,533	8,696,285
EXPENDITURES				
General government	2,593,866	2,645,317	2,454,769	1,879,896
Public safety	3,524,775	3,318,973	3,454,094	3,666,142
Public works	2,249,691	2,376,196	2,160,920	2,742,566
Capital outlay	1,293,364	1,255,072	1,351,899	20,474
Debt service				
Principal	317,497	358,989	372,126	370,119
Interest	88,851	150,799	135,881	120,731
Total expenditures	10,068,044	10,105,346	9,929,689	8,799,928
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(736,297)	(73,152)	(1,351,156)	(103,643)
OTHER FINANCING SOURCES (USES)				
Proceeds from borrowing	2,435,930	-	-	-
Issuance of refunding bonds	-	-	-	-
Payment to escrow agent	-	-	-	-
Sale of capital assets	26,220	865,492	109,963	185,364
Transfers in	754,769	909,997	772,067	465,257
Transfers (out)	(728,118)	(888,686)	(745,239)	(465,257)
Total other financing sources (uses)	2,488,801	886,803	136,791	185,364
NET CHANGE IN FUND BALANCES	\$ 1,752,504	\$ 813,651	\$ (1,214,365)	\$ 81,721
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	4.50%	5.40%	5.90%	5.73%

Data Source

Village's CAFR

2011	2012	2013	2014	2015	2016
\$ 2,704,232	\$ 2,847,986	\$ 2,903,873	\$ 3,064,916	\$ 3,087,275	\$ 3,145,181
4,272,360	3,542,130	3,543,334	3,823,924	4,118,341	4,601,624
631,367	695,370	734,119	1,003,721	1,613,933	987,443
83,700	82,945	79,573	121,676	126,237	119,603
770,255	1,214,994	2,148,209	1,833,251	1,081,677	873,278
375,830	363,625	420,880	358,476	345,800	362,223
22,677	18,023	15,768	11,149	9,955	15,926
-	-	-	-	-	-
-	-	-	-	-	-
97,863	197,195	321,822	153,840	98,834	146,936
8,958,284	8,962,268	10,167,578	10,370,953	10,482,052	10,252,214
2,014,495	1,726,514	1,717,319	1,754,300	1,890,672	2,086,316
3,721,070	3,853,691	4,149,454	4,337,422	4,486,147	4,131,867
2,407,391	2,397,227	2,249,906	3,124,139	2,632,110	2,891,132
533,206	443,737	1,627,237	535,921	411,200	217,959
378,246	213,023	230,000	220,000	230,000	230,000
105,394	89,452	79,168	33,850	25,863	23,793
9,159,802	8,723,644	10,053,084	10,005,632	9,675,992	9,581,067
(201,518)	238,624	114,494	365,321	806,060	671,147
-	-	-	-	-	-
-	-	1,685,000	-	-	-
-	-	(1,684,780)	-	-	-
4,000	4,606	16,161	117,551	91,037	12,200
583,062	669,083	710,630	402,016	681,863	512,793
(583,062)	(669,083)	(710,630)	(402,016)	(681,863)	(512,793)
4,000	4,606	16,381	117,551	91,037	12,200
\$ (197,518)	\$ 243,230	\$ 130,875	\$ 482,872	\$ 897,097	\$ 683,347
5.34%	3.68%	3.34%	2.54%	2.79%	2.80%

VILLAGE OF LAKE BLUFF, ILLINOIS

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	Property	Sales	Home Rule Sales (1)	Utility	Telecomm	Income (2) (3)	Other	Total
2007	\$ 2,244,225	\$ 2,462,463	\$ 679,808	\$ 599,742	\$ 406,537	\$ 522,333	\$ 361,848	\$ 7,276,956
2008	2,389,677	2,538,470	703,811	591,601	398,650	557,596	313,192	7,492,997
2009	2,510,766	2,066,394	607,006	599,663	344,701	551,791	264,133	6,944,454
2010	2,649,929	2,027,980	639,316	501,370	324,565	480,990	260,398	6,884,548
2011	2,704,232	2,134,282	618,201	514,714	297,137	472,166	245,876	6,986,608
2012	2,847,986	2,010,676	551,856	470,404	290,084	-	219,110	6,390,116
2013	2,903,873	2,012,989	528,343	475,706	273,613	-	279,431	6,473,955
2014	3,064,916	2,278,161	525,425	537,585	21,745	-	288,266	6,716,098
2015	3,087,275	2,536,601	544,270	519,775	232,471	-	310,737	7,231,129
2016	3,145,181	2,847,777	786,894	454,798	222,923	-	329,852	7,787,425

Notes:

(1) Home rule sales tax was implemented effective January 1, 2006.

(2) Income tax for FY2008 was restated in FY2009 (from \$570,574 to \$557,596).

(3) State shared income taxes were reclassified from other taxes to intergovernmental revenues during the fiscal year ended April 30, 2012.

Data Source

Village's CAFR and records

VILLAGE OF LAKE BLUFF, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2006	\$ 512,941,384	\$ 26,093,053	\$ 30,311,216	\$ 2,014,942	\$ 333,595	\$ 571,694,190	\$ 0.4200	\$ 1,716,799,369
2007	564,290,558	38,558,393	22,604,764	1,951,156	360,889	627,765,760	0.4030	1,883,485,629
2008	585,618,467	36,608,937	23,113,146	2,004,961	395,474	647,740,985	0.4140	1,943,417,297
2009	571,790,938	34,339,275	22,400,394	1,947,012	475,399	630,953,018	0.4320	1,893,048,359
2010	530,575,336	31,616,598	20,595,998	2,494,498	617,404	585,899,834	0.4900	1,757,875,290
2011	496,403,771	31,296,748	20,033,876	2,869,493	651,066	551,254,954	0.5320	1,653,930,255
2012	454,892,868	30,461,126	17,798,977	2,620,658	726,534	506,500,163	0.5980	1,519,652,454
2013	432,581,864	30,992,675	17,237,835	2,531,049	920,089	484,263,512	0.6420	1,452,935,830
2014	428,024,903	29,933,184	16,454,822	4,139,813	966,015	479,518,737	0.6598	1,438,700,081
2015	470,786,728	29,969,498	15,451,372	4,464,604	1,159,672	521,831,874	0.6140	1,565,652,187

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value. Tax rates are per \$100 of equalized assessed value.

Data Source

Lake County Tax Extension Office, Report PTAX-251

VILLAGE OF LAKE BLUFF, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Fiscal/ Tax Year	Village Direct Rates		Component Unit	Overlapping Rate									Overlapping Rate	
	Village Overall Rate	(3) Village Sanctuary Rate	Lake Bluff Public Library	School District 65	High School District 115	College of Lake County District 532	Lake County	Forest Preserve	North Shore Sanitary	Shield's Township	Park District	Mosquito Abatement	(2) Central LC Water Agency	(1) Rockland Fire Protection
2007-08 2006	0.420	0.375	0.122	2.059	0.961	0.195	0.450	0.204	0.125	0.070	0.336	0.012	0.046	0.326
2008-09 2007	0.403	0.360	0.117	2.041	0.959	0.192	0.444	0.201	0.120	0.066	0.295	0.011	0.042	0.310
2009-10 2008	0.414	0.370	0.120	2.070	1.001	0.196	0.453	0.199	0.121	0.069	0.319	0.010	0.042	0.298
2010-11 2009	0.432	0.386	0.124	2.084	1.069	0.200	0.464	0.200	0.124	0.068	0.326	0.011	0.042	0.050
2011-12 2010	0.490	0.438	0.134	2.308	1.101	0.218	0.505	0.198	0.136	0.062	0.363	0.011	0.045	0.558
2012-13 2011	0.532	0.475	0.146	2.508	1.191	0.240	0.554	0.201	0.150	0.069	0.389	0.012	0.047	0.579
2013-14 2012	0.598	0.535	0.165	2.190	1.322	0.272	0.608	0.212	0.150	0.065	0.437	0.014	0.052	0.641
2014-15 2013	0.642	0.575	0.176	2.667	1.420	0.296	0.663	0.218	0.164	0.069	0.481	0.015	0.055	0.703
2015-16 2014	0.660	0.593	0.182	2.777	1.448	0.306	0.683	0.210	0.169	0.072	0.536	0.015	0.056	0.718
2016-17 2015	0.614	0.552	0.170	2.745	1.409	0.299	0.662	0.208	0.166	0.070	0.504	0.015	0.054	0.715

VILLAGE OF LAKE BLUFF, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)

Last Ten Levy Years

Fiscal/ Tax Year	Components of Total Direct Rates											Total
	Audit Tax	Corporate	Crossing Guards	Fire Protection	Garbage Disposal	IMRF	Police Pension	Police Protection	Social Security	Liability Insurance	Insurance	
2007-08 2006	0.005	0.079	0.002	0.045	0.063	0.041	0.059	0.048	0.049	0.027	0.002	0.420
2008-09 2007	0.005	0.073	0.002	0.043	0.059	0.039	0.060	0.048	0.044	0.028	0.002	0.403
2009-10 2008	0.005	0.072	0.001	0.044	0.059	0.042	0.065	0.048	0.045	0.031	0.002	0.414
2010-11 2009	0.004	0.075	0.001	0.046	0.061	0.040	0.069	0.050	0.046	0.037	0.003	0.432
2011-12 2010	0.004	0.091	0.001	0.052	0.068	0.037	0.084	0.056	0.047	0.049	0.001	0.490
2012-13 2011	0.005	0.099	0.001	0.057	0.075	0.035	0.100	0.062	0.044	0.053	0.001	0.532
2013-14 2012	0.005	0.120	0.001	0.063	0.095	0.034	0.110	0.075	0.039	0.055	0.001	0.598
2014-15 2013	0.006	0.128	0.001	0.067	0.107	0.031	0.125	0.081	0.037	0.058	0.001	0.642
2015-16 2014	0.006	0.136	0.001	0.067	0.115	0.031	0.134	0.084	0.040	0.044	0.002	0.660
2016-17 2015	0.005	0.131	0.001	0.062	0.106	0.029	0.125	0.079	0.037	0.037	0.002	0.614

Note: Due to overlapping jurisdictions, not all village residents are assessed taxes from all of the above governments.

Data Source

Lake County Clerk's Office

- (1) Sanctuary subdivision residents pay to the Rockland Fire Protection District, but not to the Village's fire protection.
- (2) Sanctuary subdivision residents do not pay to the Water Agency.
- (3) Village Sanctuary subdivision direct rate is comprised of the same components of the Village rate except it does not contain the Village Fire Protection rate.

VILLAGE OF LAKE BLUFF, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2016(1)			2007		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Knauz Motors Inc.	\$ 5,314,305	1	1.02%	\$ 5,921,990	1	1.13%
Cantera Investors LLC	2,359,257	2	0.45%			
Profile Plastics	2,233,110	3	0.43%	2,828,310	5	0.54%
Carriage Way	2,016,390	4	0.39%			
Buehler, Inc.	2,000,000	5	0.38%			
Individual Taxpayer/Trust	1,911,957	6	0.37%	1,888,265	10	0.36%
Individual Taxpayer	1,871,128	7	0.36%	2,153,081	9	0.41%
Franklin 101 Waukegan LLC	1,735,339	8	0.33%			
Chicago Title and Trust	1,533,180	9	0.29%			
LFSC Leasing	1,448,881	10	0.28%			
Ohio State Teachers Retirement				3,322,424	2	0.64%
Harrison Conference Center				3,312,451	3	0.63%
Individual Taxpayer/Friedman				3,302,926	4	0.63%
Liquid Controls				2,468,895	6	0.47%
				2,270,840	7	0.44%
				2,282,985	8	0.44%
(1) The taxable assessed value is for 2	<u>\$ 22,423,547</u>		<u>4.30%</u>	<u>\$ 29,752,167</u>		<u>5.69%</u>

Data Source

Lake County Assessor

VILLAGE OF LAKE BLUFF, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015(1)
General corporate	\$ 451,608	\$ 451,946	\$ 462,878	\$ 471,546	\$ 531,227	\$ 542,937	\$ 607,800	\$ 619,857	\$ 653,776	\$ 683,266
School crossing guard	11,433	12,382	6,429	6,287	5,838	5,484	5,065	4,843	5,001	6,001
Police protection	274,395	297,170	308,585	314,356	326,902	340,021	379,875	392,253	400,000	410,003
Fire protection	245,601	255,201	271,250	277,394	291,146	298,872	305,041	310,408	308,503	310,000
Sanitation	360,143	365,271	379,303	383,514	396,952	411,316	481,175	518,162	552,391	553,351
Auditing	28,583	30,955	32,144	25,148	23,350	27,421	25,325	29,056	28,004	28,002
Liability insurance	154,347	173,349	199,295	232,623	286,039	290,663	278,575	280,873	210,000	195,003
Illinois municipal retirement	234,379	241,451	270,012	251,485	215,989	191,947	172,210	150,122	150,003	152,004
Police pension	337,277	371,463	417,876	433,811	490,352	548,421	557,150	605,329	640,603	650,103
Public library	697,420	724,352	771,464	779,602	782,229	800,695	835,725	852,304	873,918	886,050
Social security	280,112	272,406	289,299	289,207	274,364	241,305	197,535	179,177	190,005	195,703
Unemployment insurance	11,433	12,382	12,858	18,861	5,838	5,484	5,065	4,843	11,408	10,004
LEVY AS EXTENDED	\$ 3,086,731	\$ 3,208,328	\$ 3,421,393	\$ 3,483,834	\$ 3,630,226	\$ 3,704,566	\$ 3,850,541	\$ 3,947,227	\$ 4,023,612	\$ 4,079,489
TOTAL COLLECTED	\$ 3,086,938	\$ 3,253,214	\$ 3,447,229	\$ 3,496,243	\$ 3,643,564	\$ 3,723,710	\$ 3,914,502	\$ 3,937,471	\$ 4,017,848	\$ -
PERCENT COLLECTED	99.99%	98.62%	99.25%	99.65%	99.63%	99.49%	98.37%	99.75%	99.86%	0.00%

(1) The 2015 property tax levy collections are in the next fiscal year.

Data Source

Illinois Department of Revenue

VILLAGE OF LAKE BLUFF, ILLINOIS

SALES TAX COLLECTED BY CATEGORY

Last Ten Calendar Years

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General merchandise	\$ 182	\$ 925	\$ 321	\$ 265	\$ 265	\$ -	\$ -	\$ -	\$ -	\$ 123,713
Food	161,941	159,180	167,320	177,211	177,372	169,825	166,119	173,693	44,314	182,598
Drink, eat, rooms	34,138	33,842	36,965	46,341	69,693	62,630	65,408	65,478	73,666	112,189
Apparel	-	-	-	-	-	522	132	828	804	-
Furniture	9,883	5,396	6,831	4,336	7,862	8,932	11,142	9,090	11,692	18,094
Lumber, hardware	34,742	121,171	108,020	93,353	91,856	110,558	116,235	97,869	100,860	96,892
Auto, filling stations	1,718,851	1,772,387	1,546,659	1,379,588	1,411,289	1,401,864	1,331,805	1,629,396	1,812,126	1,921,886
Drugs, retail	100,124	127,718	133,329	130,460	127,314	53,000	56,018	49,974	28,319	22,705
Agriculture and all others	174,440	158,573	137,590	90,796	109,603	105,018	103,118	118,311	152,277	152,283
Manufacturing	40,019	43,895	31,982	20,578	32,920	15,747	(5,276)	5,177	9,553	11,203
TOTAL	\$ 2,274,320	\$ 2,423,087	\$ 2,169,017	\$ 1,942,928	\$ 2,028,174	\$ 1,928,096	\$ 1,844,701	\$ 2,149,816	\$ 2,233,611	\$ 2,641,563

VILLAGE DIRECT SALES

TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
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Data Source

Illinois Department of Revenue

VILLAGE OF LAKE BLUFF, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Calendar Years

Calendar Year	Village Direct Rate	Village Home Rule Rate (1)	Lake County and RTA Rate	State Rate	Total
2006	1.00%	1.00%	0.50%	5.00%	7.50%
2007	1.00%	1.00%	0.50%	5.00%	7.50%
2008	1.00%	1.00%	1.00%	5.00%	8.00%
2009	1.00%	1.00%	1.00%	5.00%	8.00%
2010	1.00%	1.00%	1.00%	5.00%	8.00%
2011	1.00%	1.00%	1.00%	5.00%	8.00%
2012	1.00%	1.00%	1.00%	5.00%	8.00%
2013	1.00%	1.00%	1.00%	5.00%	8.00%
2014	1.00%	1.00%	1.00%	5.00%	8.00%
2015	1.00%	1.00%	1.00%	5.00%	8.00%

(1) The Village enacted a home rule sales tax effective January 1, 2006.

Data Source

Illinois Department of Revenue

VILLAGE OF LAKE BLUFF, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Village	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Bank Notes Payable	Alternate Water Revenue Bonds				
2007	\$ 3,125,000	\$ 582,503	\$ 2,835,000		\$ 6,542,503	1.4%	\$ 1,080
2008	2,875,000	473,625	2,720,000		6,068,625	1.2%	975
2009	2,615,000	361,388	2,600,000		5,576,388	1.1%	896
2010	2,360,000	246,269	2,480,000		5,086,269	1.1%	820
2011	2,100,000	128,023	2,355,000		4,583,023	1.1%	801
2012	1,970,000	45,000	2,315,000	62,956	4,392,956	1.1%	768
2013	1,880,000	-	2,175,000	57,482	4,112,482	0.9%	719
2014	1,660,000	-	2,020,000	52,008	3,732,008	0.9%	652
2015	1,430,000	-	1,855,000	46,534	3,331,534	0.9%	582
2016	1,200,000	-	1,690,000	41,060	2,931,060	0.8%	512

* See the schedule of Demographic and Economic Information on page 113 for personal income and population data.

Note: Details regarding the Village's outstanding debt can be found in the notes to financial statements.

Data Source

The Village's Comprehensive Annual Financial Report

VILLAGE OF LAKE BLUFF, ILLINOIS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding	Percentage of Taxable Assessed Value of Property (1)	Per Capita (2)
2007	\$ 4,385,000	0.77%	\$ 724.00
2008	2,875,000	0.46%	462.07
2009	2,615,000	0.40%	420.28
2010	2,360,000	0.37%	380.65
2011	2,100,000	0.36%	367.00
2012	1,970,000	0.36%	344.29
2013	1,880,000	0.37%	328.56
2014	1,660,000	0.34%	290.11
2015	1,430,000	0.30%	249.91
2016	1,200,000	0.23%	209.72

Details regarding the Village's outstanding debt can be found in the notes to financial statements.

(1) See the schedule of Assessed Value and Actual Value of Taxable Property on page 101 for more property value information.

(2) See the schedule of Demographic and Economic Information on page 113 for population data.

Data Source

The Village's Comprehensive Annual Financial Report

VILLAGE OF LAKE BLUFF, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(in thousands of dollars)

April 30, 2016

Governmental unit	Debt Outstanding	Estimated Percentage of Debt Applicable to the Village of Lake Bluff (2)	Estimated Share of Overlapping Debt
Village of Lake Bluff	\$ 2,890	100.00%	\$ 2,890
Overlapping debt (1)			
Lake Bluff Park District	5,820	86.45%	5,031
Lake Bluff School District 65	24,470	86.28%	21,113
Lake Forest-Lake Bluff High School District 115	38,700	18.40%	7,121
Central Lake County Joint Action Water Agency (CLCJAWA)	11,530	8.03%	926
North Shore Sanitary District	-	6.93%	-
Lake County Community College District 532	72,220	2.34%	1,690
Lake County	190,325	2.22%	4,225
Lake County Forest Preserve	284,615	2.22%	6,318
Other debt			
Lake County capital leases	-	0.00%	-
Lake County - other debt	-	0.00%	-
Subtotal	<u>627,680</u>		<u>46,424</u>
TOTAL	<u>\$ 630,570</u>		<u>\$ 49,314</u>

Notes:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Village's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Lake County's capital lease, loan and other debt.

Data Source

Assessed value data used to estimate applicable percentages provided by the Lake County Board of Equalization and Assessment. Debt outstanding data provided by Lake County Tax Extension Office.

The Village has general obligation (tax-supported) debt of \$1.66 million; however, the debt levies have been abated each year.

VILLAGE OF LAKE BLUFF, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

Under state finance law, the Village's outstanding general obligation debt should not exceed 8.625% of total assessed property value. However, the Village became a home rule community effective January 1, 2006 and is not required to compute a legal debt margin. Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 50,000 an aggregate one percent...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing amounts."

To date, the General Assembly has set no limits for home rule municipalities.

Data Source

The Village's Comprehensive Annual Financial Report

VILLAGE OF LAKE BLUFF, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	2004 Alternate Water Revenue Bonds			Actual Coverage
	Water Operating Revenues	Debt Service Principal	Coverage Required	
2007	\$ 1,523,294	\$ 115,000	296,744	5.13
2008	1,326,282	115,000	296,744	4.47
2009	1,135,752	120,000	296,744	3.83
2010	1,071,530	120,000	296,744	3.61
2011	1,177,977	125,000	296,744	3.97
2012	1,230,232	130,000	296,744	4.15
2013	1,454,897	130,000	296,744	4.90
2014	1,326,972	-	-	-
2015	1,227,506	-	-	-
2016	1,272,614	-	-	-

Notes:

This schedule presents all nongeneral obligation long-term debt backed by pledged revenues. The coverage required pursuant to Ordinance 2004-20 is 1.25 times the maximum debt service payment on the bonds.

The 2004 Alternate Water Revenue Bonds were refunded during fiscal year 2013.

Details regarding the Village's outstanding debt can be found in the notes to financial statements.

Data Source

The Village's Comprehensive Annual Financial Report

VILLAGE OF LAKE BLUFF, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands of dollars)	Unemployment Rate
2007	6,056	\$ 467,177	3.30%
2008	6,222	490,536	4.40%
2009	6,222	490,536	4.40%
2010	6,200	467,177	5.50%
2011	5,722	402,555	5.20%
2012	5,722	402,402	5.20%
2013	5,722	433,271	5.00%
2014	5,722	394,262	4.80%
2015	5,722	379,931	4.50%
2016	5,722	382,580	3.30%

Data Source

Population and per capita information provided by the U.S. Census Bureau

VILLAGE OF LAKE BLUFF, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	Business/Service	2016		2007
		Employees	Rank	Rank
Knauz Motors, Inc	BMW, Mercedes, Land Rover, Hyundai Mini & SmartCar auto dealerships	260	1	1
Liquid Controls Corp	Manufacture - Liquid flow meters	167	2	2
Lake Bluff School District 65	Elementary school district	123	3	6
Buehler, Inc	Scientific instruments supplier	120	4	7
Mariani Landscaping	Landscaping architect	105	5	
Profile Plastics	Manufacturer - plastic parts	60	6	10
Village of Lake Bluff	Municipal government	35	7	
Lake Forest Sports Cars	Ferrari, Maserati, Aston Martin, Lotus & McLaren dealership	28	8	
Chelsea & Scott, LTD	Catalog sales - children's products			3
Clarin/Greenwich Industries	Manufacturer - steel folding chairs			4
Deerpath Medical Associates	Medical clinic			5
Shepherd Chevrolet	Chevrolet and Geo auto dealership			8
Harrison Conference Center	Conference/training facility/hotel			9
TOTAL		898		

Note: Data to determine each principal employers' percentage of total employment is not available.

Data Source

Telephone poll of businesses.

VILLAGE OF LAKE BLUFF, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL GOVERNMENT										
Administrator's office	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Engineering, building and zoning	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PUBLIC SAFETY										
Fire										
Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police										
Police sworn	17.00	17.00	17.00	15.00	15.00	14.00	15.00	15.00	15.00	15.00
Telecommunications dispatchers	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	-	-
Police records	-	-	-	-	-	-	-	-	2.00	2.00
PUBLIC WORKS										
Administration, street, sewer	10.00	10.00	10.00	8.00	6.00	6.00	6.00	6.00	6.00	6.00
Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sanitation	4.00	4.00	4.00	-	-	-	-	-	-	-
Vehicle maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	51.00	50.00	50.00	42.00	39.00	37.00	38.00	38.00	35.00	35.00

Data Source

Village budget

VILLAGE OF LAKE BLUFF, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GENERAL GOVERNMENT				
Administration				
Village board meetings	22	23	18	23
Other Board and commission meetings	46	49	24	30
Village newsletter mailings	5	5	4	5
Lake Bluff list serve subscribers	293	438	487	550
Finance				
Accounts payable (in thousands)	\$ 7,650	\$ 8,000	\$ 7,013	\$ 5,622
Water and sewer invoices prepared	8,225	8,185	8,179	8,256
Engineering, Building and Zoning				
Residential building permits issued	464	447	418	323
Commercial building permits issued	23	14	18	14
Total Construction Value (in millions)	\$ 18,922	\$ 23,370	\$ 13,096	\$ 11,580
Zoning petitions	7	9	7	8
PUBLIC SAFETY				
Police				
Number of calls	11,703	10,282	10,322	11,208
Felony offenses	49	52	88	66
Misdemeanor offenses	311	336	390	406
Auto accident investigations	203	177	195	210
Fire				
Fire calls	48	37	34	41
Rescue/medical transported	217	211	227	250
Rescue/medical not transported	50	61	73	76
PUBLIC WORKS				
General				
Streets patching (in tons)	71	118	64	38
Street cleaned - miles	1,134	1,562	813	813
Compacted household refuse collected	2,678	2,223	1,911	1,850
Curbside recycling collections (tons)	758	1,148	1,124	1,084
Cubic yards of leaves/yard waste collected	2,512	2,658	3,560	3,432
Parkway trees planted	67	52	50	42
Parkway grass trimmed (in acres)	301	401	329	305
Sanitary sewers cleaned (in linear feet)	44,178	65,925	80,000	79,821
Storm sewers cleaned (in linear feet)	2,358	2,111	3,837	3,474
Water				
Main break repairs	9	16	9	5
JULIE utility locates	1,368	1,210	1,345	1,354

Data Source

Various village departments

	2011	2012	2013	2014	2015	2016
	23	23	20	21	22	24
	38	48	33	37	56	70
	5	4	5	5	2	3
	663	700	700	700	871	950
\$	6,273	\$ 6,965	\$ 7,000	\$ 7,324	\$ 7,042	\$ 6,936
	8,247	8,240	8,235	8,295	8,269	8,334
	378	455	430	474	514	516
	60	9	36	74	63	10
\$	8,747	\$ 10,909	\$ 11,413	\$ 17,769	\$ 19,543	\$ 18,266
	5	8	8	5	7	6
	11,457	11,744	12,042	12,019	11,132	n/a
	82	101	116	79	117	n/a
	588	643	702	1,211	1,439	n/a
	173	193	140	147	152	n/a
	44	43	43	35	38	36
	250	205	210	206	221	216
	84	80	67	75	98	102
	20	42	10	10	7	7
	614	1,114	504	612	500	475
	1,850	1,500	1,978	1,500	1,420	1,482
	1,084	1,004	1,006	1,100	846	937
	3,432	n/a	n/a	4,612	5,200	4,500
	22	20	23	25	46	40
	300	300	300	300	300	300
	48,853	4,975	45,350	18,101	17,205	17,205
n/a		2,450	4,500	1,065	1,200	1,200
	7	13	8	10	4	8
	900	775	800	775	850	825

VILLAGE OF LAKE BLUFF, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PUBLIC SAFETY										
Police										
Patrol units	7	8	8	8	8	8	8	8	8	8
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Engines (1)	5.5	5.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	27.0	27.0	27.0	27.8	27.8	27.8	27.8	27.8	27.8	27.8
Sidewalks (miles)	20.3	20.3	20.6	25.9	26.0	26.0	26.0	26.0	26.0	26.0
Building facilities maintained	6	6	6	6	6	6	6	6	6	6
Sanitary sewers (miles)	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Storm Sewers (miles)	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Sanitary sewer lift stations	6	6	6	6	6	6	6	6	6	6
WATER - SANITARY SEWER										
Fire hydrants	476	488	490	490	492	492	493	493	478	481
Storage capacity (thousands of gallons)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Watermains (miles)	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5

Data Source

Village budgets