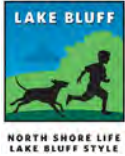


New Issue  
 Date of Sale: Monday, June 24, 2019  
 Between 10:30 and 10:45 A.M., C.D.T.  
 (Open Speer Auction)

Investment Rating(s):  
 Moody's Investors Service ... "Aaa"

### Official Statement

Subject to compliance by the Village with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.



## \$1,910,000\*

### VILLAGE OF LAKE BLUFF

#### Lake County, Illinois

#### General Obligation Bonds, Series 2019

**Dated July 11, 2019**      **Book-Entry**      **Bank Qualified**      **Due Serially December 15, 2021-2034**

The \$1,910,000\* General Obligation Bonds, Series 2019 (the "Bonds") are being issued by the Village of Lake Bluff, Lake County, Illinois (the "Village"). Interest is payable semi-annually on June 15 and December 15 of each year, commencing June 15, 2020. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 15 in the following years and amounts.

#### AMOUNTS\*, MATURITIES, INTEREST RATES, YIELDS OR PRICES AND CUSIP NUMBERS

Principal Amount*	Due Dec. 15	Interest Rate	Price or Yield	CUSIP Number(1)	Principal Amount*	Due Dec. 15	Interest Rate	Price or Yield	CUSIP Number(1)
\$ 45,000	2021	_____ %	_____ %	_____	\$160,000	2028	_____ %	_____ %	_____
45,000	2022	_____ %	_____ %	_____	165,000	2029	_____ %	_____ %	_____
50,000	2023	_____ %	_____ %	_____	170,000	2030	_____ %	_____ %	_____
50,000	2024	_____ %	_____ %	_____	175,000	2031	_____ %	_____ %	_____
145,000	2025	_____ %	_____ %	_____	195,000	2032	_____ %	_____ %	_____
150,000	2026	_____ %	_____ %	_____	200,000	2033	_____ %	_____ %	_____
155,000	2027	_____ %	_____ %	_____	205,000	2034	_____ %	_____ %	_____

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

#### OPTIONAL REDEMPTION

Bonds due December 15, 2021-December 15, 2027, inclusive, are not subject to optional redemption. Bonds due December 15, 2028-December 15, 2034, inclusive, are callable in whole or in part on any date on or after December 15, 2027, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

#### PURPOSE, LEGALITY AND SECURITY

Bond proceeds will be used to finance improvements to the Village's water system and to pay the costs of issuing the Bonds. See "THE PROJECT" herein.

In the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, the Bonds are valid and legally binding upon the Village and are payable from any funds of the Village legally available for such purpose, and all taxable property of the Village is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

This Official Statement is dated June 12, 2019, and has been prepared under the authority of the Village. An electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Debt Auction Center/Competitive Official Statement Sales Calendar". Additional copies may be obtained from Drew Irvin, Village Administrator, Village of Lake Bluff, 40 East Center Avenue, Lake Bluff, Illinois 60044, or from the Municipal Advisor to the Village:



\*Subject to change.

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Global Ratings. The Village is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Village from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the Village.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the Village, shall constitute a “Final Official Statement” of the Village with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the Village and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE VILLAGE SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Village’s beliefs as well as assumptions made by and information currently available to the Village. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

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APPENDIX A - FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS

APPENDIX B - DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

APPENDIX C - PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX D - EXCERPTS OF FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS RELATING TO THE VILLAGE'S PENSION PLANS

OFFICIAL BID FORM

OFFICIAL NOTICE OF SALE

EXHIBIT A - Example Issue Price Certificate

## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

<b>Issuer:</b>	Village of Lake Bluff, Lake County, Illinois.
<b>Issue:</b>	\$1,910,000* General Obligation Bonds, Series 2019.
<b>Dated Date:</b>	Date of delivery, expected to be on or about July 11, 2019.
<b>Interest Due:</b>	Each June 15 and December 15, commencing June 15, 2020.
<b>Principal Due:</b>	Serially each December 15, commencing December 15, 2021 through 2034, as detailed on the front page of this Official Statement.
<b>Optional Redemption:</b>	Bonds due December 15, 2021-December 15, 2027, inclusive, are not subject to optional redemption. Bonds due December 15, 2028-December 15, 2034, inclusive, are callable in whole or in part on any date on or after December 15, 2027, at a price of par and accrued interest. See “ <b>OPTIONAL REDEMPTION</b> ” herein.
<b>Authorization:</b>	The Village is a home rule unit under the Illinois Constitution and as such has no debt limitation and is not required to seek referendum approval to issue the Bonds. The Bonds are being issued pursuant to the home rule powers of the Village and pursuant to a bond ordinance adopted by the Board of Trustees of the Village on June 24, 2019 (the “Bond Ordinance”).
<b>Security:</b>	The Bonds are valid and legally binding obligations of the Village payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount.
<b>Credit Rating:</b>	The Bonds have been rated “Aaa” from Moody’s Investors Service, New York, New York.
<b>Purpose:</b>	Bond proceeds will be used to finance improvements to the Village’s water system and to pay the costs of issuing the Bonds. See “ <b>THE PROJECT</b> ” herein.
<b>Tax Exemption:</b>	Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the federal tax exemption of the interest on the Bonds as discussed under “ <b>TAX EXEMPTION</b> ” in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
<b>Bank Qualification:</b>	The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “ <b>QUALIFIED TAX-EXEMPT OBLIGATIONS</b> ” herein.
<b>Bond Registrar/Paying Agent:</b>	Zions Bancorporation, National Association, Chicago, Illinois.
<b>Delivery:</b>	The Bonds are expected to be delivered on or about July 11, 2019.
<b>Book-Entry Form:</b>	The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Municipal Advisor:</b>	Speer Financial, Inc., Chicago, Illinois.

\*Subject to change.

**VILLAGE OF LAKE BLUFF**  
**Lake County, Illinois**

Kathleen O'Hara  
*President*

**Board Members**

Barbara Ankenman  
Regis Charlot

Mark Dewart  
Joy Markee

William Meyer  
Aaron Towle

---

**Officials**

R. Drew Irvin  
*Village Administrator*

Bettina K. O'Connell  
*Director of Finance*

Megan Michael  
*Village Clerk*

Holland & Knight LLP  
*Village Attorney*

**AUTHORIZATION, PURPOSE AND SECURITY**

The General Obligation Bonds, Series 2019 (the "Bonds"), are being issued pursuant to the home rule powers of the Village of Lake Bluff, Lake County, Illinois (the "Village"), under Section 6, Article VII of the 1970 Constitution of the State of Illinois. The Bonds are issuable pursuant to a bond ordinance to be adopted by the Board of Trustees of the Village on the 24<sup>th</sup> day of June, 2019 (the "Bond Ordinance"). Bond proceeds will be used to finance improvements to the Village's water system and to pay the costs of issuing the Bonds. See "**THE PROJECT**" herein. The Bonds constitute valid and legally binding full faith and credit general obligations of the Village, and are payable from any funds of the Village legally available for such purpose, and all taxable property in the Village is subject to the levy of taxes to pay the same without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the Village in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of Lake County, Illinois, and will serve as authorization to said County Clerk to extend and collect the property taxes as set forth in the Bond Ordinance.

**RISK FACTORS**

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

## **Finances of the State of Illinois**

The State has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State's pension systems and a bill backlog of billions of dollars contributed to the State's poor financial health. On July 6, 2017, the General Assembly of the State (the "General Assembly") enacted a budget (the "Fiscal Year 2018 Budget") for the State fiscal year ending June 30, 2018 (the "State Fiscal Year 2018"), overriding the Governor's veto. On May 31, 2018, the General Assembly passed a budget (the "Fiscal Year 2019 Budget") for the State for fiscal year ending June 30, 2019 (the "State Fiscal Year 2019"), and on June 4, 2018, the Governor approved the same.

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the Village. The State's general fiscal condition and the underfunding of the State's pension systems have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the Village. In addition, both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget contain a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the Village, by 10% (for State Fiscal Year 2018) and by 5% (for State Fiscal Year 2019). The Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget also include a service fee for sales taxes imposed locally and collected on behalf of municipalities by the State, the same being 2% of such sales taxes (for State Fiscal Year 2018) and 1.5% of such sales taxes (for State Fiscal Year 2019). The Village cannot determine at this time the financial impact of these provisions on its overall financial condition but such provisions may result in lower income tax revenues and sales tax revenues distributed to the Village.

The Village can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State.

## **Future Pension Plan Funding Requirements**

The Village participates in a Police Pension Plan as hereinafter defined. Under the Illinois Pension Code, as amended (the "Pension Code"), the Village is required to contribute to the plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for the plan by 2040, it is expected that the annual employer contributions required by the Village will increase over time. The Village also participates in the Illinois Municipal Retirement Plan (the "IMRF Plan"), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the Village could have a material adverse effect on the finances of the Village.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the Village to the Police Pension Plan to satisfy contribution shortfalls by the Village. If the Village does not make 100% of its annual required contributions to the Police Pension Plan, the Village may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the Village's financial health and operations.

## **Cybersecurity**

Computer networks and data transmission and collection are vital to the efficient operation of the Village. Despite the implementation of network security measures by the Village, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the Village does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the Village's operations and financial health. Further, as cybersecurity threats continue to evolve, the Village may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

## **Local Economy**

The financial health of the Village is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the Village.

## **Declining Equalized Assessed Valuations**

The amount of property taxes extended for the Village is determined by applying the various operating tax rates and the bond and interest tax rate levied by the Village to the Village's Equalized Assessed Valuation ("EAV"). The Village's EAV could decrease for a number of reasons including, but not limited to, a decline in property values or large taxpayers moving out of the Village. Declining EAVs and increasing tax rates could reduce the amount of taxes the Village is able to receive.

## **Loss or Change of Bond Rating**

The Bonds have received a credit rating of "Aaa" from Moody's Investors Service, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the Village's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

## **Secondary Market for the Bonds**

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

## **Limited Continuing Disclosure**

A failure by the Village to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See **“THE UNDERTAKING - Consequences of Failure of the Village to Provide Information”**. The Village must report any failure to comply with the Undertaking in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”). Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **Suitability of Investment**

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## **Future Changes in Laws**

Various state and federal laws, regulations and constitutional provisions apply to the Village and to the Bonds. The Village can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Village, or the taxing authority of the Village. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the Village, the taxable value of property within the Village, and the ability of the Village to levy property taxes or collect revenues for its ongoing operations.

## **Bankruptcy**

The rights and remedies of the Bond Holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.



## **THE VILLAGE**

### **Overview**

The Village, a “North Shore” community, was incorporated in 1895, and is located along the shores of Lake Michigan in Lake County approximately thirty-five miles north of downtown Chicago and sixty miles south of Milwaukee, Wisconsin. The Village covers an area of approximately four and a half square miles. The surrounding area bordering the Village includes the Great Lakes Naval Base to the north, Lake Forest to the south and unincorporated Lake County to the west. According to the 2010 Census, the Village’s population was 5,722.

### **Home Rule**

The Village is a home rule municipality pursuant to a referendum held on April 5, 2005. As a home rule municipality, the Village may thereby exercise any power and perform any function pertaining to its government and affairs, unless specifically prohibited by state law.

### **Village Government and Services**

The Village’s governing and legislative body consists of a President and Board of six Trustees all elected on an at-large-basis for four year overlapping terms. The appointed Village Administrator is charged with the day-to-day responsibility of administering Board policy and supervising the Village’s 35 employees.

The Lake Bluff Fire Department serves Village residents plus additional areas and population consisting of a total of approximately 5,600 people living in an area of six square miles. The Village has a Class 3 ISO fire rating which is the best in the nation for an all-volunteer force. The 66 volunteer firefighters operate out of one central station.

The Public Works Department maintains Village streets, the Village water and sewer system, parkways, and fosters a healthy and natural environment through the Village’s Tree Management Program. Public Works efforts make Lake Bluff a proud recipient of the “Tree City USA” award for the last 23 years.

The Lake Bluff Public Library is a component unit of government governed by a separately elected Board of Trustees. The Library has approximately 44,000 books, 5,800 audio and visual items and a collection of streaming videos, Ebooks, Eaudiobooks and electronic databases.

The Village is member of the Central Lake County Joint Action Water Agency (CLCJAWA), a joint action water agency providing Lake Michigan water to its members, and the Solid Waste Agency of Lake County (SWALCO), a joint action solid waste agency providing waste disposal services to its members.

## Transportation

The Village’s proximity to interstate highways, commuter rail systems, and airports allow easy access to the community. Interstate highway access is available via Route 41 within the Village and directly west of the Village on Interstate 294; all providing access for commuters to Chicago or Milwaukee. Air travel is available at four airports: O’Hare (45 minutes); Mitchell International (Milwaukee, 55 minutes); Midway (60 minutes); and Chicago Executive (30 minutes). The Village is also serviced by commuter rail by the Metra Milwaukee District North Line. Commuting time to Downtown Chicago by train is approximately one hour.

## Community Life

The Village population has grown over 14 percent from 5,008 in 1970 to 5,722 in 2010, according to U.S. Census Bureau statistics. The small size of the community and moderate growth has preserved the historic and traditional character of the Village.

Year-round recreational activities are offered to Village residents by the Lake Bluff Park District. The park district maintains 10 park sites and open space areas including one outdoor aquatic facility, one recreation building, fitness facility, ice skating rink, playgrounds, two beaches and the Lake Bluff Golf Club, which features practice facilities and an 18 hole championship course.

## Education

Elementary education is primarily provided by Lake Bluff Elementary School District Number 65, which has one elementary school and a middle school. These two schools have a combined enrollment of approximately 900 students. For secondary education, Lake Bluff students attend Lake Forest High School in Community High School District Number 115, which has an approximate enrollment of 1,650 students. Opportunities for higher education are available at the College of Lake County, a public community college located in Grayslake. Other nearby colleges include Lake Forest College, a private four year liberal arts college, and Lake Forest Graduate School, which offers graduate degrees in management. Numerous other public and private colleges located throughout the Chicago metropolitan area are within commuting distance of the Village.

## SOCIOECONOMIC INFORMATION

### Employment

Following are lists of large employers located in the Village and in the surrounding area.

#### Major Village Employers(1)

<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Mariani Landscape .....	Landscape Architects .....	764
Knauz Autos, Inc. ....	Automobile Dealers .....	300
PCI Energy Services, LLC .....	Electric Services .....	300
Scott Byron & Co., Inc. ....	Landscape Architects .....	220
Helio Precision Products, Inc. ....	Corporate Headquarters and Engine Components .....	200
Liquid Controls, LLC .....	Fluid Meters and Counting Devices .....	170
Star Creations, Inc. ....	Wall Décor and Framed Art .....	160
Peter Baker & Son Co. ....	Asphalt Paving Products .....	150
Illinois Tool Works, Inc. ....	Laboratory Apparatus and Furniture .....	136
Anatol Equipment Mfg. Co. ....	Screen Printing Equipment and Supplies .....	125
Crane Revolving Doors .....	Revolving Doors .....	100
Profile Plastics, Inc. ....	Plastic Thermoforming .....	100
Terlato Wine Group Ltd. ....	Company Headquarters and Distributor of Wines .....	100

Note: (1) Source: 2019 Illinois Manufacturers Directory, 2019 Illinois Services Directory.

### Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
North Chicago	Great Lakes Naval Training Center	Department of the Navy	11,000(2)
Deerfield	Walgreens Boots Alliance	Holding Company	6,500
North Chicago	AbbVie, Inc.	Pharmaceutical Manufacturing	3,400
Riverwoods	Discover Financial Services, LLC	Company Headquarters and Financial Services	3,000
Deerfield	Walgreen Company	Drug Stores Corporate Office	2,500
Vernon Hills	Hawthorn Shopping Center	Shopping Center	2,500
Waukegan	Lake County	Government	2,345
Libertyville	Advocate Condell Medical Center	Acute Care Hospital & Health Network	2,200
Lake Forest	W. W. Grainger, Inc.	Corporate headquarters and Wholesaler of Industrial Equipment and Supplies	2,031
Grayslake	College of Lake County	Community College	1,818
Deerfield	Baxter Healthcare Corp.	Medical and Hospital Equipment	1,700
Lake Forest	Northwestern Lake Forest Hospital	General Hospital	1,600
Lake Forest	Pfizer, Inc.	Corporate Headquarters, Medical Equipment and Supplies	1,350
Lincolnshire	HydraForce, Inc.	Hydraulic Valves	1,100
Deerfield	Takeda Pharmaceuticals North America, Inc.	Corporate Headquarters and Pharmaceutical Preparations	1,000
Mundelein	Medline Industries, Inc.	Medical Products and Garments	900
Lincolnshire	Zebra Technologies	Company Headquarters and Bar Code Label, Card and Receipt Printers	900
Lake Forest	Trustmark Cos.	Health and Life Insurance	800
Lake Bluff	Mariani Landscape	Landscape Design and Building Maintenance	764
North Chicago	Abbott Laboratories, Inc.	Medical Diagnostic Products	500
Vernon Hills	American Hotel Register Co.	Hotel Hospitality Supply Sales and Distribution	500
Libertyville	Hollister Incorporated	Corporate Headquarters and Health Care Products	400
Vernon Hills	Mitsubishi Electric Automation, Inc.	Programmable Electronic Components	400

Notes: (1) Source: 2019 Illinois Manufacturers Directory, 2019 Illinois Services Directory.  
(2) Includes civilian and military personnel.

The following tables show employment by industry and by occupation for the Village, Lake County (the “County”) and the State of Illinois (the “State”) as reported by the U.S. Census Bureau 2013-2017 American Community Survey 5-year estimated values.

### Employment By Industry(1)

<u>Classification</u>	<u>The Village</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fishing and Hunting, and Mining	9	0.3%	958	0.3%	65,813	1.1%
Construction	27	1.0%	16,952	4.9%	323,578	5.2%
Manufacturing	343	13.0%	56,880	16.4%	762,175	12.3%
Wholesale Trade	104	3.9%	15,899	4.6%	190,916	3.1%
Retail Trade	194	7.4%	39,893	11.5%	669,300	10.8%
Transportation and Warehousing, and Utilities	62	2.4%	12,783	3.7%	378,576	6.1%
Information	83	3.1%	6,549	1.9%	120,295	1.9%
Finance and Insurance, and Real Estate and Rental and Leasing	463	17.6%	27,637	7.9%	451,556	7.3%
Professional, Scientific, and Management, and Administrative and Waste Management Services	535	20.3%	48,970	14.1%	722,129	11.7%
Educational Services and Health Care and Social Assistance	566	21.5%	67,304	19.4%	1,416,064	22.9%
Arts, Entertainment and Recreation and Accommodation and Food Services	111	4.2%	30,229	8.7%	561,894	9.1%
Other Services, Except Public Administration	95	3.6%	14,674	4.2%	292,409	4.7%
Public Administration	44	1.7%	9,064	2.6%	226,948	3.7%
Total	2,636	100.0%	347,792	100.0%	6,181,653	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

### Employment By Occupation(I)

Classification	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts .....	1,674	63.5%	147,219	42.3%	2,321,710	37.6%
Service .....	199	7.5%	53,272	15.3%	1,067,320	17.3%
Sales and Office .....	642	24.4%	86,344	24.8%	1,481,082	24.0%
Natural Resources, Construction, and Maintenance.....	25	0.9%	20,573	5.9%	446,857	7.2%
Production, Transportation, and Material Moving .....	96	3.6%	40,384	11.6%	864,684	14.0%
Total .....	2,636	100.0%	347,792	100.0%	6,181,653	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

### Annual Average Unemployment Rates(I)

Calendar Year	The Village	The County	The State
2010 .....	8.0%	9.8%	10.4%
2011 .....	7.0%	8.8%	9.7%
2012 .....	6.9%	8.1%	9.0%
2013 .....	6.4%	7.9%	9.0%
2014 .....	5.4%	6.4%	7.1%
2015 .....	4.9%	5.4%	6.0%
2016 .....	4.5%	5.2%	5.8%
2017 .....	3.5%	4.4%	4.9%
2018 .....	3.5%	4.5%	4.3%
2019(2) .....	N/A	5.7%	4.7%

Notes: (1) Source: Illinois Department of Employment Security.  
 (2) Preliminary rates are for the month of February 2019.

### Building Permits

Residential building permits have averaged \$1,564,560 over the last five years in the Village, excluding the value of land. This is higher than the U.S. Census.

### Village Building Permits(I) (Excludes the Value of Land)

Calendar Year	New Commercial Construction		New Residential Construction		Other Construction Alterations, Etc.		Total
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	
2014 .....	4	\$2,605,000	0	\$ 0	778	\$19,563,208	\$22,168,208
2015 .....	0	0	5	1,878,800	393	13,144,134	15,022,935
2016 .....	0	0	1	750,000	398	24,636,593	25,386,593
2017 .....	1	1,700,000	5	1,934,000	527	14,796,930	18,430,930
2018 .....	0	0	5	3,260,000	563	9,673,665	12,933,665

Note: (1) Source: the Village.

## Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the Village's owner-occupied homes was \$603,300. This compares to \$251,400 for the County and \$179,700 for the State. The following table represents the five year average market value of specified owner-occupied units for the Village, the County and the State at the time of the 2013-2017 American Community Survey.

### Home Values(1)

Value	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000 .....	6	0.3%	6,432	3.6%	231,604	7.3%
\$50,000 to \$99,999 .....	0	0.0%	14,702	8.2%	501,389	15.7%
\$100,000 to \$149,999 .....	11	0.6%	23,020	12.8%	516,996	16.2%
\$150,000 to \$199,999 .....	15	0.8%	26,077	14.5%	514,629	16.2%
\$200,000 to \$299,999 .....	64	3.5%	35,557	19.8%	653,765	20.5%
\$300,000 to \$499,999 .....	563	31.2%	37,983	21.2%	505,831	15.9%
\$500,000 to \$999,999 .....	819	45.3%	29,097	16.2%	209,287	6.6%
\$1,000,000 or more .....	329	18.2%	6,657	3.7%	51,641	1.6%
Total .....	1,807	100.0%	179,525	100.0%	3,185,142	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

### Mortgage Status(1)

Value	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage .....	1,181	65.4%	125,508	69.9%	2,052,491	64.4%
Housing Units without a Mortgage .....	626	34.6%	54,017	30.1%	1,132,651	35.6%
Total .....	1,807	100.0%	179,525	100.0%	3,185,142	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

## Income

### Per Capita Personal Income for the Highest Income Counties in the State(1)

Rank	2013 to 2017
1 .....	<b>Lake County ..... \$42,388</b>
2 .....	DuPage County ..... 42,050
3 .....	Monroe County ..... 37,043
4 .....	McHenry County ..... 36,208
5 .....	Woodford County ..... 34,198
6 .....	Will County ..... 33,731
7 .....	Cook County ..... 33,722
8 .....	Putnam County ..... 33,697
9 .....	Piatt County ..... 33,672
10 .....	Kane County ..... 33,486
11 .....	Kendall County ..... 33,369
12 .....	Sangamon County ..... 33,277

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2013 to 2017.

The following shows the median family income for counties in the Chicago metropolitan area.

### Ranking of Median Family Income(1)

County	Family Income	Rank
DuPage County .....	\$103,731	1
<b>Lake County.....</b>	<b>100,965</b>	<b>2</b>
Kendall County.....	97,105	3
McHenry County .....	94,995	4
Will County .....	93,727	5
Kane County .....	87,818	7
Cook County .....	73,012	21

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2013 to 2017.

The U.S. Census Bureau 5-year estimated values reported that the Village had a median family income of \$169,886. This compares to \$100,965 for the County and \$76,533 for the State. The following table represents the distribution of family incomes for the Village, the County and the State at the time of the 2013-2017 American Community Survey.

### Family Income(1)

Income	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000 .....	27	1.6%	4,889	2.7%	126,456	4.0%
\$10,000 to \$14,999.....	0	0.0%	2,769	1.5%	75,208	2.4%
\$15,000 to \$24,999.....	21	1.2%	7,489	4.2%	197,736	6.3%
\$25,000 to \$34,999.....	39	2.3%	8,667	4.8%	227,565	7.3%
\$35,000 to \$49,999.....	41	2.4%	16,065	8.9%	354,977	11.4%
\$50,000 to \$74,999.....	118	7.0%	26,204	14.6%	550,434	17.6%
\$75,000 to \$99,999.....	115	6.8%	22,912	12.8%	452,377	14.5%
\$100,000 to \$149,999.....	351	20.8%	36,124	20.1%	584,593	18.7%
\$150,000 to \$199,999.....	282	16.7%	21,474	12.0%	266,120	8.5%
\$200,000 or more .....	695	41.1%	33,090	18.4%	287,025	9.2%
Total.....	1,689	100.0%	179,683	100.0%	3,122,491	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

The U.S. Census Bureau 5-year estimated values reported that the Village had a median household income of \$160,417. This compares to \$82,613 for the County and \$61,229 for the State. The following table represents the distribution of household incomes for the Village, the County and the State at the time of the 2013-2017 American Community Survey.

### Household Income(1)

Income	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000 .....	38	1.9%	10,052	4.1%	331,315	6.9%
\$10,000 to \$14,999.....	34	1.7%	6,123	2.5%	204,278	4.2%
\$15,000 to \$24,999.....	21	1.1%	15,922	6.5%	446,453	9.3%
\$25,000 to \$34,999.....	81	4.1%	16,144	6.6%	425,803	8.8%
\$35,000 to \$49,999.....	74	3.7%	25,711	10.5%	593,198	12.3%
\$50,000 to \$74,999.....	179	9.0%	38,400	15.7%	836,760	17.4%
\$75,000 to \$99,999.....	147	7.4%	30,128	12.3%	613,614	12.7%
\$100,000 to \$149,999.....	370	18.7%	42,406	17.3%	724,960	15.0%
\$150,000 to \$199,999.....	290	14.6%	23,876	9.8%	311,141	6.5%
\$200,000 or more .....	749	37.8%	35,761	14.6%	330,930	6.9%
Total.....	1,983	100.0%	244,523	100.0%	4,818,452	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

**Retail Activity**

Following is a summary of the Village’s sales tax receipts as collected and disbursed by the State of Illinois.

**Retailers’ Occupation, Service Occupation and Use Tax(1)(2)**

<u>State Fiscal Year Ending June 30</u>	<u>State Sales Tax Distributions(3)</u>	<u>Annual Percent Change + (-)</u>
2009.....	\$2,679,126	(12.71%)(4)
2010.....	2,604,167	(2.80%)
2011.....	2,629,291	0.96%
2012.....	2,478,684	(5.73%)
2013.....	2,439,995	(1.56%)
2014.....	2,633,435	7.93%
2015.....	2,934,112	11.42%
2016.....	3,442,974	17.34%
2017.....	3,905,714	13.44%
2018.....	3,976,536	1.81%
Growth from 2009 to 2018.....		48.43%

- Notes: (1) Source: Illinois Department of Revenue.  
 (2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers’ Occupation, Service Occupation and Use Tax, collected on behalf of the Village, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.  
 (3) Includes home rule sales tax collections.  
 (4) The 2009 percentage is based on a 2008 sales tax of \$3,069,093.

**THE PROJECT**

The Bond proceeds will be used to finance improvements to the Village’s water system and to pay the costs of issuance of the Bonds. Improvements include the replacement of water meters as well as water main and valve replacements.

**DEFAULT RECORD**

The Village has no record of default and has met its debt repayment obligations promptly.

**SHORT-TERM BORROWING**

The Village has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

**DEBT INFORMATION**

After issuance of the Bonds, the Village will have outstanding \$3,815,000 (subject to change) principal amount of general obligation debt.

The Village does not intend to issue additional debt within the next six months.

**General Obligation Bonded Debt(1)**  
 (Principal Only)

Calendar Year	Series	Series	The	Total	Cumulative Retirement(2)	
	2011 (12-15)	2012 (12-15)	Bonds(2) (12-15)	Debt(2)	Amount	Percent
2019 .....	\$ 180,000	\$240,000	\$ 0	\$ 420,000	\$ 420,000	11.01%
2020 .....	185,000	245,000	0	430,000	850,000	22.28%
2021 .....	190,000	250,000	45,000	485,000	1,335,000	34.99%
2022 .....	200,000	0	45,000	245,000	1,580,000	41.42%
2023 .....	205,000	0	50,000	255,000	1,835,000	48.10%
2024 .....	210,000	0	50,000	260,000	2,095,000	54.91%
2025 .....	0	0	145,000	145,000	2,240,000	58.72%
2026 .....	0	0	150,000	150,000	2,390,000	62.65%
2027 .....	0	0	155,000	155,000	2,545,000	66.71%
2028 .....	0	0	160,000	160,000	2,705,000	70.90%
2029 .....	0	0	165,000	165,000	2,870,000	75.23%
2030 .....	0	0	170,000	170,000	3,040,000	79.69%
2031 .....	0	0	175,000	175,000	3,215,000	84.27%
2032 .....	0	0	195,000	195,000	3,410,000	89.38%
2033 .....	0	0	200,000	200,000	3,610,000	94.63%
2034 .....	0	0	205,000	205,000	3,815,000	100.00%
Total .....	\$1,170,000	\$735,000	\$1,910,000	\$3,815,000		

Notes: (1) Source: the Village.  
 (2) Subject to change.

**Detailed Overlapping Bonded Debt(1)**  
 (As of April 4, 2019)

	Outstanding Debt	Applicable to the Village	
		Percent(2)	Amount
<b>Schools:</b>			
School District No. 65 .....	\$ 20,420,000	85.92%	\$17,544,436
High School District No. 115 .....	26,390,000	18.65%	4,921,891
Unit School District No. 187 .....	37,434,930	0.06%	23,683
Community College District No. 532 .....	58,465,000	2.30%	1,346,037
Total Schools .....			\$23,836,047
<b>Others:</b>			
Lake County .....	\$174,530,000	2.19%	\$ 3,820,405
Lake County Forest Preserve District .....	240,155,000	2.19%	5,256,914
Central Lake County Joint Action Water Agency .....	0	6.60%	0
Foss Park District .....	1,375,000	5.69%	78,256
Lake Bluff Park District .....	4,630,000	86.16%	3,989,065
Total Others .....			\$13,144,639
Total Overlapping Debt .....			\$36,980,686

Notes: (1) Source: Lake County Clerk.  
 (2) Based on 2018 Equalized Assessed Valuations, the most recent available.



### Statement of Bonded Indebtedness

	Amount Applicable	Ratio To		Per Capita (2010 Census Pop. 5,722)
		Equalized Assessed	Estimated Actual	
Village EAV of Taxable Property, 2018.....	\$ 583,162,534	100.00%	33.33%	\$101,915.86
Estimated Actual Value, 2018 .....	\$1,749,487,602	300.00%	100.00%	\$305,747.57
Total Direct Debt(2) .....	\$ 3,815,000	0.65%	0.22%	\$ 666.72
Overlapping Debt:(3)				
School.....	\$ 23,836,047	4.09%	1.36%	\$ 4,165.68
All Others.....	13,144,639	2.25%	0.75%	2,297.21
Total Overlapping Bonded Debt.....	\$ 36,980,686	6.34%	2.11%	\$ 6,462.90
Net Direct and Overlapping Debt(2).....	\$ 40,795,686	7.00%	2.33%	\$ 7,129.62

Note: (1) Source: Lake County Clerk.  
 (2) Includes the Bonds and is subject to change.  
 (3) As of April 4, 2019.

### PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2018 levy year, the Village's EAV was comprised of 89.25% residential, 3.13% industrial, 6.54% commercial, and 1.08% farm and railroad property valuations.

#### Equalized Assessed Valuation(1)

Property Class	Levy Years				
	2014	2015	2016	2017	2018
Residential.....	\$428,024,903	\$470,786,728	\$498,698,346	\$515,595,702	\$520,464,465
Farm.....	4,139,813	4,464,604	4,713,634	4,944,314	4,999,001
Commercial .....	29,933,184	29,969,498	33,521,365	35,155,293	38,141,488
Industrial.....	16,454,822	15,451,372	16,409,355	17,054,102	18,275,794
Railroad.....	966,015	1,159,672	1,186,366	1,194,448	1,281,786
Total .....	\$479,518,737	\$521,831,874	\$554,529,066	\$573,943,859	\$583,162,534
Percent Change+(-).....	(0.98%)(2)	8.82%	6.27%	3.50%	1.61%

Notes: (1) Source: Lake County Clerk.  
 (2) Percentage change based on 2013 EAV of \$484,263,512.

#### Representative Tax Rates(1) (Per \$100 EAV)

Village:	Levy Years				
	2014	2015	2016	2017	2018
Corporate Fund .....	\$0.1363	\$0.1309	\$0.1232	\$0.1369	\$0.1484
IMRF.....	0.0313	0.0291	0.0285	0.0305	0.0249
Police Protection.....	0.0834	0.0786	0.0748	0.0730	0.0719
Fire Protection .....	0.0672	0.0619	0.0592	0.0580	0.0571
Police Pension.....	0.1336	0.1246	0.1213	0.1237	0.1249
Library .....	0.1822	0.1698	0.1618	0.1606	0.1653
Garbage .....	0.1152	0.1060	0.1037	0.0897	0.0844
Tort Fund.....	0.0438	0.0374	0.0280	0.0221	0.0263
Audit Fund .....	0.0058	0.0054	0.0045	0.0044	0.0045
Unemployment .....	0.0024	0.0019	0.0018	0.0026	0.0026
Social Security.....	0.0396	0.0375	0.0353	0.0348	0.0360
School Crossing Guard.....	0.0010	0.0012	0.0011	0.0010	0.0009
Total Village Rates.....	\$0.8420	\$0.7843	\$0.7432	\$0.7374	\$0.7470
Lake County .....	0.6825	0.6628	0.6320	0.6218	0.6117
Lake County Forest Preserve District .....	0.2100	0.2079	0.1929	0.1873	0.1820
Central Lake County Joint Action Water Agency .....	0.0559	0.0541	0.0458	0.0408	0.0000
North Shore Sanitary District .....	0.1694	0.1656	0.1568	0.1527	0.1532
Shields Township(2) .....	0.0724	0.0700	0.0668	0.0659	0.0666
Lake Bluff Park District .....	0.5358	0.5045	0.4813	0.4752	0.4762
Lake Bluff Mosquito Abatement .....	0.0153	0.0145	0.0140	0.0139	0.0140
High School District 115 .....	1.4481	1.4093	1.3287	1.3138	1.3365
Community College District 532.....	0.3061	0.2994	0.2854	0.2806	0.2819
School District 65.....	2.7766	2.7454	2.6123	2.5803	2.5984
Total Representative Rates(3).....	\$7.1142	\$6.9177	\$6.5591	\$6.4696	\$6.4674

Notes: (1) Source: Lake County Clerk.  
 (2) Includes road and bridge.  
 (3) Representative tax rates for other government units are from Shields Township tax code 11, which represents the largest portion of the Village's 2018 EAV.

**Tax Extensions and Collections(I)**  
 (Excludes Road and Bridge Levy)

Levy Year	Coll. Year	Taxes Extended(2)	Total Collections	
			Amount	Percent
2009.....	2010 .....	\$3,496,243	\$3,483,834	99.65%
2010.....	2011 .....	3,643,564	3,630,226	99.63%
2011.....	2012 .....	3,723,710	3,704,566	99.49%
2012.....	2013 .....	3,914,502	3,850,541	98.37%
2013.....	2014 .....	3,947,227	3,937,471	99.75%
2014.....	2015 .....	4,023,612	4,017,848	99.86%
2015.....	2016 .....	4,079,489	4,077,639	99.95%
2016.....	2017 .....	4,108,007	4,100,707	99.82%
2017.....	2018 .....	4,219,551	4,211,779	99.82%
2018.....	2019 .....	4,343,259	----- In Collection -----	

Note: (1) Source: The Village and the Lake County Treasurer.

**Principal Taxpayers(I)**

Taxpayer Name	Business/Service	2018 EAV(2)
Knauz Motors Inc. ....	Auto Dealership .....	\$ 6,366,710
Chicago Title Land Trust Co .....	Real Property .....	5,883,450
JEA Lake Bluff LLC .....	Real Property .....	3,864,010
Cantera Investors .....	Real Property .....	3,159,642
Profile Plastics.....	Real Property .....	2,662,111
SB 2011 LLC.....	Real Property .....	2,639,420
Individual .....	Real Property .....	2,542,118
Carriage Way .....	Shopping Center.....	2,533,921
Individual .....	Real Property .....	2,483,260
Target Corp. ....	Real Property .....	2,443,350
Total .....		\$34,577,992
Ten largest as a percent of the Village's 2018 EAV (\$583,162,534) .....		5.93%

- Notes: (1) Source: Lake County Clerk.  
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked. The 2018 EAV is the most current available.

**REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

**Summary of Property Assessment, Tax Levy and Collection Procedures**

A separate tax to pay the principal of and certain interest on the Bonds will be levied on all taxable real property within the Village. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

**Tax Levy and Collection Procedures**

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

## **Exemptions**

The Illinois Property Tax Code, as amended (the "Property Tax Code"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the equalized assessed value (the "EAV") of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to \$75,000 for up to four years, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index ("CPI"). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “Natural Disaster Exemption”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

### **Property Tax Extension Limitation Law**

The Property Tax Extension Limitation Law (the “Limitation Law”) limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the Village, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the Village, the limitations set forth therein will not apply to any taxes levied by the Village to pay the principal of and interest on the Bonds.

## **Truth in Taxation Law**

Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Truth in Taxation Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Truth in Taxation Law do not apply to levies made to pay principal of and certain interest on the Bonds.

## **FINANCIAL INFORMATION**

### **Budgeting**

The Board of Trustees follows the following procedures in establishing the budgetary data:

1. 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 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.
2. Public hearings are conducted to obtain citizen comments.
3. The budget and appropriation ordinances are legally enacted through action of the Board of Trustees. The budget is enacted after two readings of the Ordinance.
4. Expenditures cannot legally exceed the total appropriated 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.
5. Budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, and pension trust funds.

### **Investment Policy**

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 risk 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 Village’s entire investment portfolio was classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board (GASB). The Police Pension Fund has a separate investment policy, adopted by the Pension Board of Trustees, that articulates the expanded investment instruments allowed by law.

## **Financial Reports**

The Village's financial statements are audited annually by certified public accountants. The Village's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for more detail.

## **No Consent or Updated Information Requested of the Auditor**

The tables contained in this "**FINANCIAL INFORMATION**" section (the "Excerpted Financial Information") are from the audited financial statements of the Village, including the audited financial statements for the fiscal year ended April 30, 2018 (the "2018 Audit"), which was approved by formal action of the Village Board and attached to this Official Statement as **APPENDIX A**. The Village has not requested the Auditor to update information contained in the Excerpted Financial Information or the 2018 Audit; nor has the Village requested that the Auditor consent to the use of the Excerpted Financial Information or the 2018 Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information and 2018 Audit has not been updated since the date of the 2018 Audit. The inclusion of the Excerpted Financial Information and 2018 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the Village since the date of the 2018 Audit. Questions or inquiries relating to financial information of the Village since the date of the 2018 Audit should be directed to the Village.

## **Summary Financial Information**

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the Village's 2018 Audit.

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## Statement of Net Position Governmental Activities

	Audited Fiscal Year Ended				
	2014	2015	2016	2017	2018
<b>ASSETS:</b>					
Cash and Investments .....	\$ 6,708,010	\$ 7,727,033	\$ 8,403,658	\$ 9,935,737	\$10,656,194
Receivables (net of allowance):					
Property Taxes .....	3,094,924	3,149,695	3,193,322	3,210,766	3,298,073
Other Taxes .....	929,507	1,019,310	1,088,665	1,165,971	1,168,238
Other Receivables .....	254,277	264,213	250,614	242,266	238,165
Accounts .....	10,618	42,743	36,384	128,908	89,045
Intergovernmental .....	346,345	157,210	183,299	2,669	10,370
Accrued Interest .....	307	205	190	106	518
Prepaid Items .....	12,900	0	9,300	53,560	144,148
Inventory .....	12,486	16,196	8,136	10,319	13,259
Internal Balances .....	0	(273,281)	(288,691)	(303,691)	(318,691)
Due from Other Governments .....	7,616	10,605	0	0	0
Due To/From Other Funds .....	(51,315)	0	0	0	0
Advance To/From Other Funds .....	(258,691)	0	0	0	0
Net Pension Asset - IMRF .....	0	0	0	0	116,435
Capital Assets:					
Capital Assets Not Being Depreciated .....	2,914,062	2,913,891	2,913,141	2,913,141	3,183,472
Capital Assets (net of accumulated depreciation) .....	<u>16,899,727</u>	<u>16,606,074</u>	<u>16,306,632</u>	<u>16,019,887</u>	<u>16,908,446</u>
Total Assets .....	<u>\$30,880,773</u>	<u>\$31,633,894</u>	<u>\$32,104,650</u>	<u>\$33,379,639</u>	<u>\$35,507,672</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension Items - IMRF .....	\$ 0	\$ 0	\$ 625,974	\$ 490,805	\$ 541,997
Pension Items - Police Pension .....	0	0	845,108	1,181,433	1,483,707
Unamortized Charge on Refunding .....	<u>90,847</u>	<u>77,869</u>	<u>64,890</u>	<u>51,912</u>	<u>38,934</u>
Total Deferred Outflows of Resources .....	<u>\$ 90,847</u>	<u>\$ 77,869</u>	<u>\$ 1,535,972</u>	<u>\$ 1,724,150</u>	<u>\$ 2,064,638</u>
Total Assets and Deferred Outflows of Resources .....	\$30,971,620	\$31,711,763	\$33,640,622	\$35,103,789	\$37,572,310
<b>LIABILITIES:</b>					
Accounts Payable .....	\$ 308,846	\$ 425,483	\$ 358,090	\$ 449,014	\$ 416,634
Accrued Payroll .....	155,219	44,217	58,332	64,431	172,786
Interest Payable .....	9,770	8,988	8,179	7,371	5,699
Other Liabilities .....	23,025	80,076	115,761	235,333	261,743
Other Unearned Revenue .....	0	122,330	176,075	159,845	168,055
Deposits Payable .....	409,413	441,413	442,964	464,244	513,794
Due to Library .....	0	0	6,271	0	0
Due to Fiduciary Funds .....	4	0	0	1,632	0
Unearned Revenue .....	121,935	0	0	0	0
Noncurrent Liabilities:					
Due Within One Year .....	338,370	264,112	266,086	270,629	278,722
Due In More Than One Year .....	2,545,962	2,495,117	2,237,112	2,103,974	1,940,413
Net Pension Liability - IMRF .....	0	0	809,569	550,397	0
Net Pension Liability - Police Pension .....	0	0	8,170,199	8,111,902	8,114,395
Total Liabilities .....	<u>\$ 3,912,544</u>	<u>\$ 3,881,736</u>	<u>\$12,648,638</u>	<u>\$12,418,772</u>	<u>\$11,872,241</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes .....	\$ 3,094,924	\$ 3,149,695	\$ 3,193,322	\$ 3,210,766	\$ 3,298,073
Pension Items - IMRF .....	0	0	0	213,817	1,040,193
Pension Items - Police Pension .....	<u>0</u>	<u>0</u>	<u>41,896</u>	<u>642,342</u>	<u>1,184,042</u>
Total Deferred Inflows of Resources .....	<u>\$ 3,094,924</u>	<u>\$ 3,149,695</u>	<u>\$ 3,235,218</u>	<u>\$ 4,066,925</u>	<u>\$ 5,522,308</u>
Total Assets and Deferred Inflows of Resources .....	\$ 7,007,468	\$ 7,031,431	\$15,883,856	\$16,485,697	\$17,394,549
<b>NET POSITION</b>					
Investment In Capital Assets (net of related debt) .....	\$18,244,636	\$18,167,834	\$18,084,663	\$18,014,940	\$19,395,852
Restricted for:					
Employee Benefits .....	483,563	390,386	162,304	143,599	113,112
Highways and Streets .....	285,254	177,843	324,554	471,647	153,202
Public Safety .....	355,636	231,125	307,739	232,329	218,514
Debt Service .....	13,429	13,431	13,447	13,512	13,668
Capital Outlay .....	376,740	368,260	262,488	125,344	105,804
Unrestricted .....	<u>4,204,894</u>	<u>5,331,453</u>	<u>(1,398,429)</u>	<u>(383,279)</u>	<u>177,609</u>
<b>TOTAL NET POSITION</b> .....	<u>\$23,964,152</u>	<u>\$24,680,332</u>	<u>\$17,756,766</u>	<u>\$18,618,092</u>	<u>\$20,177,761</u>

## Statement of Activities Governmental Activities

	Audited Year Ended April 30				
	2014	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES:</b>					
General Government .....	\$ 13,555	\$ (188,870)	\$ (1,059,967)	\$ (943,730)	\$ (1,164,580)
Public Safety .....	(4,232,709)	(4,472,704)	(4,510,747)	(4,511,860)	(4,720,932)
Public Works .....	(1,506,565)	(2,484,485)	(2,794,110)	(2,768,210)	(1,696,520)
Interest on Long-Term Debt .....	(43,904)	(38,059)	(35,963)	(33,663)	(29,924)
Total Governmental Activities .....	<u>\$ (5,769,623)</u>	<u>\$ (7,184,118)</u>	<u>\$ (8,400,787)</u>	<u>\$ (8,257,463)</u>	<u>\$ (7,611,956)</u>
<b>General Revenues:</b>					
Property Tax .....	\$ 3,064,916	\$ 3,087,275	\$ 3,145,181	\$ 3,191,989	\$ 3,205,208
Utility Tax .....	755,331	752,247	677,722	686,950	479,410
Telecommunications .....	0	0	0	0	187,945(1)
Replacement Taxes .....	59,583	58,135	51,775	61,868	56,767
Sales Tax .....	2,803,586	3,080,871	3,634,671	4,100,805	4,165,540
Income Tax .....	557,587	560,382	609,807	540,871	518,882
Wireless Surcharge .....	53,209	54,099	59,855	84,635	76,740
Other Taxes .....	175,474	198,503	218,222	256,781	293,690
Investment Income .....	11,149	9,955	15,926	38,126	112,721
Gain on Sale of Capital Assets .....	109,192	0	0	0	0
Miscellaneous .....	153,841	98,831	146,935	156,764	74,722
Total General Revenues .....	<u>\$ 7,743,868</u>	<u>\$ 7,900,298</u>	<u>\$ 8,560,094</u>	<u>\$ 9,118,789</u>	<u>\$ 9,171,625</u>
Change in Net Position .....	\$ 1,974,245	\$ 716,180	\$ 159,307	\$ 861,326	\$ 1,559,669
Net Position, May 1 .....	<u>\$21,989,907</u>	<u>\$23,964,152</u>	<u>\$24,680,332</u>	<u>\$17,756,766</u>	<u>\$18,618,092</u>
Change in Accounting Principle .....	0	0	(7,082,873)	0	0
Net Position, May 1, Restated .....	0	0	17,597,459	0	0
Net Position, April 30 .....	<u>\$23,964,152</u>	<u>\$24,680,332</u>	<u>\$17,756,766</u>	<u>\$18,618,092</u>	<u>\$20,177,761</u>

Note: (1) Telecommunications Tax was reported as a portion of the Utility Tax prior to Fiscal Year 2018.

## General Fund Balance Sheet

	Audited as of April 30				
	2014	2015	2016	2017	2018
<b>ASSETS:</b>					
Cash and Investments .....	\$4,852,915	\$5,838,940	\$ 6,493,934	\$ 7,829,717	\$ 6,701,763
Receivables (net):					
Property Taxes .....	2,765,624	2,809,687	2,845,733	2,856,879	2,923,070
Other Taxes .....	918,958	1,006,002	1,075,643	1,153,443	1,155,139
Other Receivables .....	254,277	264,213	250,614	242,266	238,165
Accounts .....	3,291	35,204	23,658	43,659	10,064
Accrued Interest .....	280	179	164	81	482
Prepaid Items .....	12,900	0	9,300	16,387	106,975
Inventory .....	12,486	16,196	8,136	10,319	13,259
Due from Library .....	0	0	0	2,669	10,370
Due from Other Funds .....	0	410	31,351	0	0
Due from Other Governments .....	7,616	10,605	0	0	0
Total Assets .....	<u>\$8,828,347</u>	<u>\$9,981,436</u>	<u>\$10,738,533</u>	<u>\$12,155,420</u>	<u>\$11,159,287</u>
<b>LIABILITIES:</b>					
Accounts Payable .....	\$ 256,441	\$ 330,896	\$ 334,344	\$ 430,685	\$ 402,268
Accrued Payroll .....	155,219	44,217	58,332	64,431	172,786
Other Liabilities .....	23,025	80,076	114,586	234,158	261,743
Other Unearned Revenue .....	121,935	122,330	176,075	159,845	168,055
Deposits Payable .....	409,413	441,413	442,964	464,244	513,794
Due to Fiduciary Funds .....	4	0	0	1,632	0
Due to Library .....	0	0	6,271	0	0
Due to Other Funds .....	51,315	0	0	0	0
Total Liabilities .....	<u>\$1,017,352</u>	<u>\$1,018,932</u>	<u>\$ 1,132,572</u>	<u>\$ 1,354,995</u>	<u>\$ 1,518,646</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable Property Taxes .....	<u>\$2,765,624</u>	<u>\$2,809,687</u>	<u>\$ 2,845,733</u>	<u>\$ 2,856,879</u>	<u>\$ 2,923,070</u>
Total Deferred Inflows of Resources .....	<u>\$2,765,624</u>	<u>\$2,809,687</u>	<u>\$ 2,845,733</u>	<u>\$ 2,856,879</u>	<u>\$ 2,923,070</u>
Total Liabilities and Deferred Inflows of Resources .....	<u>\$3,782,976</u>	<u>\$3,828,619</u>	<u>\$ 3,978,305</u>	<u>\$ 4,211,874</u>	<u>\$ 4,441,716</u>
<b>FUND BALANCES:</b>					
Non-spendable Inventory .....	\$ 12,486	\$ 16,196	\$ 8,136	\$ 10,319	\$ 13,259
Non-spendable Prepaid Items .....	12,900	0	0	16,387	106,975
Assigned for Capital Outlay .....	300,000	300,000	300,000	300,000	300,000
Unassigned .....	4,719,985	5,836,621	6,452,092	7,616,840	6,297,337
Total Fund Balance .....	<u>\$5,045,371</u>	<u>\$6,152,817</u>	<u>\$ 6,760,228</u>	<u>\$ 7,943,546</u>	<u>\$ 6,717,571</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$8,828,347</u>	<u>\$9,981,436</u>	<u>\$10,738,533</u>	<u>\$12,155,420</u>	<u>\$11,159,287</u>



## General Fund Revenues and Expenditures

	Audited Fiscal Year Ended April 30				
	2014	2015	2016	2017	2018
<b>REVENUES:</b>					
Property Taxes .....	\$2,689,026	\$2,758,789	\$2,805,661	\$ 2,844,440	\$ 2,851,828
Other Taxes .....	3,784,143	4,080,163	4,573,845	5,096,198	5,173,856
Licenses, Permits and Fees .....	1,003,721	1,613,933	987,443	1,106,173	1,028,629
Intergovernmental .....	1,241,742	612,526	612,879	547,494	522,411
Charges for Services .....	358,476	345,800	362,223	380,978	372,426
Fines and Forfeitures .....	121,676	126,237	119,603	97,091	74,546
Investment Income .....	10,176	9,158	13,380	28,579	80,346
Miscellaneous .....	<u>153,840</u>	<u>98,798</u>	<u>146,935</u>	<u>155,979</u>	<u>75,155</u>
Total Revenues .....	\$9,362,800	\$9,645,404	\$9,621,969	\$10,256,932	\$10,179,197
<b>EXPENDITURES:</b>					
General Government .....	\$1,617,507	\$1,738,329	\$1,756,901	\$ 2,202,329	\$ 2,171,396
Public Safety .....	4,067,496	4,059,473	3,940,863	3,945,527	4,208,454
Public Works .....	<u>3,030,003</u>	<u>2,064,205</u>	<u>2,804,001</u>	<u>2,528,781</u>	<u>2,562,361</u>
Total Expenditures .....	\$8,715,006	\$7,862,007	\$8,501,765	\$ 8,676,637	\$ 8,942,211
Excess of Revenues Over Expenditures.....	\$ 647,794	\$1,783,397	\$1,120,204	\$ 1,580,295	\$ 1,236,986
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In .....	\$ 14,166	\$ 0	\$ 0	\$ 123,516	\$ 74,657
Transfers Out .....	(387,850)	(681,863)	(512,793)	(520,493)	(2,537,618)(1)
Sale of Capital Assets .....	<u>111,451</u>	<u>5,912</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses) .....	\$ (262,233)	\$ (675,951)	\$ (512,793)	\$ (396,977)	\$ (2,462,961)
Excess of Revenues and Other Financing Sources Over Expenditures.....	\$ 385,561	\$1,107,446	\$ 607,411	\$ 1,183,318	\$ (1,225,975)
<b>FUND BALANCES:</b>					
Beginning of Year, May 1 .....	<u>\$4,659,810</u>	<u>\$5,045,371</u>	<u>\$6,152,817</u>	<u>\$ 6,760,228</u>	<u>\$ 7,943,546</u>
End of Year, April 30 .....	\$5,045,371	\$6,152,817	\$6,760,228	\$ 7,943,546	\$ 6,717,571

Note: (1) Includes \$2,000,000 transfer to the newly established Capital Improvement Fund.

## General Fund Budget Financial Information

	Budget Twelve Months Ending 4/30/19	Estimated Twelve Months Ending 4/30/19	Budget Twelve Months Ending 4/30/20
<b>REVENUES:</b>			
Taxes .....	\$ 8,630,241	\$ 8,588,292	\$ 8,700,450
Licenses and Permits .....	887,103	730,957	762,003
Charge for Services .....	199,010	191,444	200,010
Fines and Forfeitures .....	81,300	64,995	81,300
Miscellaneous .....	<u>797,058</u>	<u>1,031,909</u>	<u>561,058</u>
Total Revenues .....	\$10,594,712	\$10,607,597	\$10,304,821
Inter-Fund Transfers In			
Interfund Transfer/E911 Fund .....	<u>\$ 124,000</u>	<u>\$ 124,000</u>	<u>\$ 127,000</u>
Total Interfund Transfers .....	\$ 124,000	\$ 124,000	\$ 127,000
Total General Fund Revenues and Interfund Transfers.....	\$10,718,712	\$10,731,597	\$10,431,821
<b>EXPENDITURES:</b>			
Administration .....	\$ 3,249,658	\$ 2,536,583	\$ 3,153,074
Public Safety .....	4,833,489	4,652,954	5,415,025
Public Works .....	<u>3,384,162</u>	<u>3,111,572</u>	<u>3,472,007</u>
Total Expenditures .....	\$11,467,309	\$10,301,109	\$12,040,106
Excess of Revenues Over Expenditures.....	\$ (748,597)	\$ 430,488	\$ (1,608,285)

## **EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS**

See **APPENDIX D** herein for a discussion of the Village's employee retirement and other postemployment benefits obligations.

## **REGISTRATION, TRANSFER AND EXCHANGE**

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The Village shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. The Village will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the Village for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the first day of the month in which an interest payment date occurs on such Bond.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Village or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

## TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Village has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Village's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code").

In rendering its opinion, Bond Counsel will rely upon certifications of the Village with respect to certain material facts within the Village's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the prices set forth, or the prices corresponding to the yields set forth, on the cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Village complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals; and (d) the accretion of original issue discount in each year may result in certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Village as a taxpayer and the Bond Holders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

## QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the Village's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## LIMITED CONTINUING DISCLOSURE

Because at the time of the delivery of the Bonds the Village will be an "obligated person" (as such term is defined in Rule 15c2-12 (the "Rule")) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds, the Village is required to provide to the Municipal Securities Rulemaking Board (the "MSRB"), as specified in the Rule, annual financial information or operating data regarding the Village which annual financial information and operating data shall include, at a minimum, that annual financial information and operating data which is customarily prepared by the Village and is publicly available. Consequently, pursuant to the Rule, the Village will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain annual financial information and operating data to the MSRB for purposes of the Rule and to provide notice of certain material events to the MSRB pursuant to the requirements of Section (b)(5) of the Rule adopted by the Securities Exchange Commission (the "Commission") under the Securities Exchange Act of 1934 (the "1934 Act"). No person, other than the Village, has undertaken or is otherwise expected, to provide continuing disclosure with respect to the Bonds.

A failure by the Village to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The Village must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Village did not file its audited financial statements for the fiscal years ends April 30, 2012, April 30, 2013, April 30, 2015 and April 30, 2016 under their Series 2011 Bonds by the time period specified in its Undertakings. The Village had filed the audited financial statements for these fiscal years under other securities associated with the Village, but failed to make the filings for the Series 2011 Bonds. The Village filed such information under the Series 2011 Bonds on November 1, 2017.

## THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Village and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Village.

### Financial Information Disclosure

At present, such dissemination is made through the MSRB's Electronic Municipal Market Access system, referred to as EMMA ("EMMA"). The Village is required to deliver such information within 210 days after the last day of the Village's fiscal year (currently April 30), beginning with the fiscal year ended April 30, 2019. If audited financial statements are not available when the Financial Information is required to be filed, the Village will file audited financial statements to the MSRB's EMMA system within 30 days after availability to the Village. MSRB Rule G-32 requires all EMMA filings to be in word searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

“Financial Information” means financial statements of the Village as audited annually by independent certified public accountants. The Village’s audited financial statements are prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

### Reportable Events Disclosure

The Village covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G 32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “Events” are:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Village\*;
13. The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation\*\* of the Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Village, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation\*\* of the Village, any of which reflect financial difficulties.

*\*This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Village.*

*\*\*Financial obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.*

## **Consequences of Failure of the Village to Provide Information**

In the event of a failure of the Village to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Village to comply with the Undertaking shall be an action to compel performance.

## **Amendment; Waiver**

Notwithstanding any other provision of the Undertaking, the Village by ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Village, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Village (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Village shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

## **Termination of Undertaking**

The Undertaking shall be terminated if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The Village shall give notice to the MSRB in a timely manner if this paragraph is applicable.

## **Additional Information**

Nothing in the Undertaking shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Financial Information or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the Village chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the Village shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

## **Dissemination of Information; Dissemination Agent**

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Financial information and notices of events can be obtained from the Village's current Dissemination Agent; Bettina O'Connell, Finance Director, Village of Lake Bluff, 40 East Center Avenue, Lake Bluff, Illinois 60044, (847) 283-6890.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

## **OPTIONAL REDEMPTION**

Bonds due December 15, 2021-December 15, 2027, inclusive, are not subject to optional redemption. Bonds due December 15, 2028-December 15, 2034, inclusive, are callable in whole or in part on any date on or after December 15, 2027, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the Village will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the Village will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Village shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

## **LITIGATION**

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Village taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the Village, threatened against the Village that is expected to materially impact the financial condition of the Village.



## **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the “Bond Counsel”), who has been retained by, and acts as, Bond Counsel to the Village. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Village, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of the interest on the Bonds and the “bank-qualified” status of the Bonds, if any. This review was undertaken solely at the request and for the benefit of the Village and did not include any obligation to establish or confirm factual matters set forth herein. Holland & Knight LLP, Chicago, Illinois, will pass on certain matters for the Village.

## **OFFICIAL STATEMENT AUTHORIZATION**

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the Village, and all expressions of opinion, whether or not so stated, are intended only as such.

## **INVESTMENT RATING**

The Bonds have been rated “Aaa” by Moody’s Investors Service, New York, New York. The Village has supplied certain information and material concerning the Bonds and the Village to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658. The Village will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

## **DEFEASANCE**

The Bonds are subject to legal defeasance by the irrevocable deposit of full faith and credit obligations of the United States of America, obligations the timely payment of which are guaranteed by the United States Treasury, or certificates of participation in a trust comprised solely of full faith and credit obligations of the United States of America (collectively, the “Government Obligations”) with a bank or trust company acting as escrow agent. Any such deposit must be of sufficient amount that the receipts from the Government Obligations plus any cash on deposit will be sufficient to pay debt service on the Bonds when due or as called for redemption.

## UNDERWRITING

The Bonds were offered for sale by the Village at a public, competitive sale on June 24, 2019. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the “Underwriter”). The Village awarded the contract for sale of the Bonds to the Underwriter at a price of \$ \_\_\_\_\_ (reflecting the par amount of \$ \_\_\_\_\_, plus a reoffering premium of \$ \_\_\_\_\_, and less an Underwriter’s discount of \$ \_\_\_\_\_). The Underwriter has represented to the Village that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

## MUNICIPAL ADVISOR

The Village has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the Village’s continuing disclosure undertaking.

## CERTIFICATION

We have examined this Official Statement dated June 12, 2019, for the \$1,910,000\* General Obligation Bonds, Series 2019, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in this Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

/s/ **KATHLEEN O’HARA**  
*President*  
Village of Lake Bluff  
Lake County, Illinois

/s/ **BETTINA O’CONNELL**  
*Director of Finance*  
Village of Lake Bluff  
Lake County, Illinois

\*Subject to change.

**APPENDIX A**

**VILLAGE OF LAKE BLUFF  
LAKE COUNTY, ILLINOIS**

**FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS**



Village of Lake Bluff, Illinois



Comprehensive Annual Financial Report  
For year ending April 30, 2018

VILLAGE OF LAKE BLUFF, ILLINOIS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
April 30, 2018

Prepared by  
Finance Department  
Bettina K. O'Connell  
Director of Finance

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**INTRODUCTORY SECTION**



# VILLAGE OF LAKE BLUFF ILLINOIS

## PRINCIPAL OFFICIALS

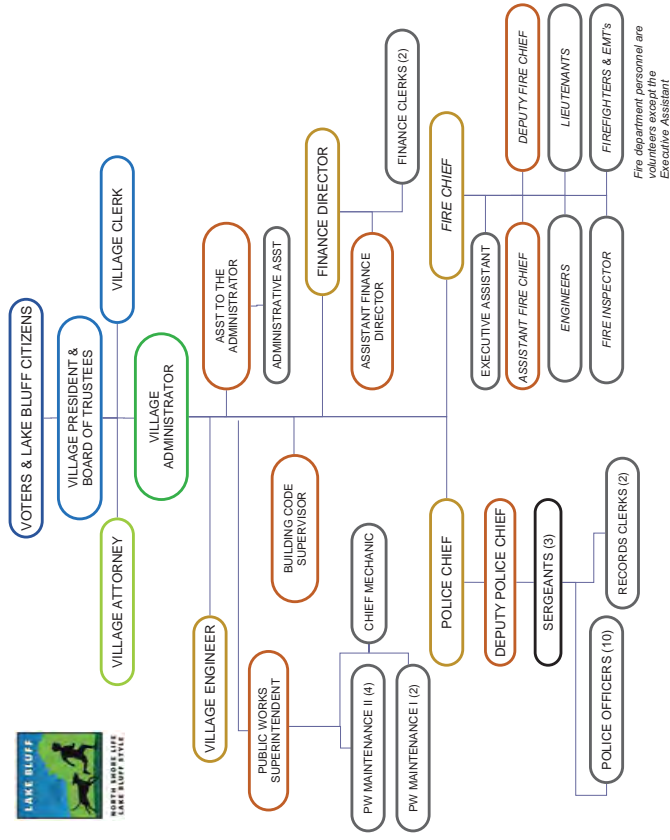
### VILLAGE BOARD OF TRUSTEES

**Kathleen O'Hara, President**  
**Barbara Ankenman Mark Dewart**  
**Eric Grenier Paul Lemieux**  
**William Meyer Aaron Towle**  
**Joy Markee, Village Clerk**

### ADMINISTRATION

**R. Drew Irvin, Village Administrator**  
**Bettina K. O'Connell, 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**  
**Glen Cole, Asst. to the Village Administrator**

**Peter M. Friedman, Village Attorney**  
**Holland & Knight, LLP**







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, 2017**

*Christopher P. Movill*

Executive Director/CEO



September 20, 2018

The Honorable Village President  
Board of Trustees  
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, 2018 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 2018.

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&A.1.

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](http://lakebluffpubliclibrary.org).

The Village 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, yard-waste, recycling and food scrap 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 3.5 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 2017 Equalized Assessed Valuation (EAV) for the Village is \$573,943,849 or 3% more than the 2016 EAV of \$554,529,066. This is the 3rd year of an increase in EAV since the decline in 2013.

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 either by attaining a population of 25,000 or 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 (CPI), 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. Property tax revenue accounts for 26% of the total governmental funds revenues down from 29% in the prior fiscal year. The 2017 property tax levy will be collected and recorded as revenue in the next fiscal year.

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, warehousing and retail businesses. Sales tax is the second largest revenue source after property taxes. The Village continues to receive substantial sales tax revenue from businesses in this area like the Knautz 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 restaurants, 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 marked impact on sales tax receipts. Sales tax revenues, including home rule sales taxes, of \$4.165 million represents 41% of the General Fund revenues, up from 40% and 38% in fiscal years 2017 and 2016, respectively. Automobile and auto-related sales tax revenues represents 64% of the \$3.01 million from the state-shared sales tax (auto sales are exempt from the 1% home rule sales tax), down marginally (as a percentage of the total sales tax) from the 65% in the prior fiscal year. In prior year's automobile and auto-related sales tax revenues were higher because the total sales revenues were lower the increases are a result of general merchandise sales from the Target store and other businesses in the redevelopment area.

#### Major Initiatives

For the year ended April 30, 2018

The focus this fiscal year continued 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 and to achieve economies of scale and organizational efficiencies.

Fiscal year 2017-18 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 preparing for such; and (iv) continuing to deliver quality and efficient services residents expect from the Village of Lake Bluff. The Village engaged stakeholders and facilitated the development of a new Strategic Plan which was adopted by the Village Board in February 2017. The Village used resources to assess the water and sewer systems and to design infrastructure improvements that will be constructed in the next two fiscal years. Available Village resources were directed to these major priorities, with the following specific accomplishments:

1. Maintain the delivery of high-quality cost effective municipal services.
  - a. Completed third 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. Completed the recruitment and onboarding of the Finance Director, Deputy Police Chief and the Village Prosecutor. The Finance Director and Village Prosecutor are retired after serving the Village for almost 25 years.
  - c. Obtained Tree City USA designation for the 22<sup>nd</sup> 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 such as the GovIT consortium for technology services and procurement.
  - g. Developed and adopted Lake Bluff's 2023 Strategic Plan, a successor to the Village's successful 2016 Strategic Plan
  - h. Joined the North Suburban Employee Benefit Cooperative (NSEBC), a health insurance consortium of local municipalities that work together to offer quality benefits for employees while keeping premium rates as low as possible, beginning with plan year September 1, 2017
  - i. Outsourced Public Access T.V. Services
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 including social media.
  - b. Continued to lead and finalize the development of a design plan (Phase 1) for the reconfiguring of Rt. 176 and Rt. 41 interchange (both are State-owned roads) including facilitating resident workshops; fully funded by federal and state grants.
  - c. Assisted with the successful annual Lake Bluff Bicycle Critterium along with the Community Block Party.

- d. Continued reviewing and updating the 1997 Comprehensive Plan.
  - e. Continued implementation of Waukegan Road Corridor opportunities and recommendations of the Development & Downtown Committee (DDC).
  - f. Conducted a community-wide survey in concert with the Lake Bluff Park District and Lake Bluff School District #65 regarding communications effectiveness.
3. Preserve sound financial management.
    - a. Completed implementation of a new enterprise resource management software (BS&A) for the Village's financial accounting and community development functions. Implemented utility bill auto pay for water accounts
    - b. Levied a Village property tax within the Property Tax Limitation Act amount.
    - c. Maintained Aaa bond rating from Moody's credit rating agency.
    - d. Helped establish the Northern Illinois Benchmarking Cooperative (NIBC) which is a collaboration among several communities that compares strategies and data about how to best run a local government. The NIBC includes the communities of Lake Forest, Lake Bluff, Buffalo Grove, Schaumburg, Glencoe, Wilmette, Lincolnshire, Arlington Heights, Hoffman Estates and Mount Prospect.
  4. Safeguard capital assets.
    - a. Secured \$1 million of Service Transportation Program federal grant monies for the Moffet Rd culvert project.
    - b. Began renovations of the Lake Bluff Train Station in cooperation with Metra, the projects principal funder is contributing a 400K grant for the project.
    - c. Expended \$469K for annual street resurfacing program.
    - d. Updated the Village multi-year vehicle and replacement schedule, and identified capital projects to be funded from the newly created capital improvement fund.

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

**For the Future**

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.

- ❖ Continue to evaluate replacement of obsolete meters and implement an automatic water reading system to improve the water system infrastructure.
- ❖ Complete bike path lighting.
- ❖ Complete Forest Cove culvert and outfall repair project.
- ❖ Complete the Village Wide Storm Sewer Model.
- ❖ Continue multi-year program to replace pumps, piping, and control systems for the six sanitary sewer lift stations.
- ❖ Continue the annual street resurfacing and roadway improvements program.
- ❖ Complete the reconstruction of Green Bay Rd
- ❖ Complete the Green Bay Rd. bridge restorations.
- ❖ Complete the Linco In Ave. storm sewer repair project.

**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, 2018 is \$10.108 million, up 6.18% from \$9.519 million as of April 30, 2017. The Police Pension Fund is 54.3% funded (under GASB 67/68 principles), with a net pension liability of \$8.114 million; this is an increase from a funded level of 53.9% with a net pension liability of \$8.112 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 Pension Fund currently pays benefits to 12 annuitants. Total benefits decreased by 3.67% to \$741,117 from \$768,370 in the prior fiscal year, due to the passing of an annuitant in April 2017.

**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 funds 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 \$121,112 on all Governmental and Water Fund investments for the year ended April 30, 2018. This represents a \$74,595 or a 195% increase from last year as short-term interest rates continue to rise.

The Police Pension Fund realized interest on investments before net appreciation in the fair value of the portfolio of \$229,607. The investment fair value gain of \$342,996 is predominately due to growth in the value of mutual funds and stocks. After investment expenses the net investment income is \$538,351 or 40% of the total additions to the net position of \$1,338,649. 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, 2017. 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 [dirvfm@lakebluff.org](mailto:dirvfm@lakebluff.org) or [bocommel@lakebluff.org](mailto:bocommel@lakebluff.org).

Sincerely,



R. Drew Irvin  
Village Administrator



Bettina K. O'Connell  
Finance Director

## FINANCIAL SECTION



1415 West Diehl Road, Suite 400  
Naperville, IL 60563  
630.566.8400

[SIKICH.COM](http://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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

***Sieck LLP***

Naperville, Illinois  
September 20, 2018

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year

Ended April 30, 2018

Management's Discussion and Analysis – Fiscal Year Ended April 30, 2018

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 8-11 of this report.*

The Village of Lake Bluff has 12 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the General Capital Improvements Fund because they are major funds. 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 12-15 of this report.*

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, 2018 with comparisons to the fiscal year ended April 30, 2017. 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: government-wide financial statements, fund financial statements, and 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 total net position increased from \$24,362 to \$25,882 million as of April 30, 2018. The increase in net position by \$1,519,987 is due to an increase in the Governmental Funds of \$1,559,669 offset by a decline in the Water Fund of \$39,682.
- The Village's net investment in capital assets of \$24.12 million equals the capital assets net of accumulated depreciation of \$26.13 million minus \$2.01 million in outstanding related debt. This increase from the prior year net investment in capital assets of \$1.6 million from \$22.52 to \$24.12 million is the result of capital infrastructure spending greater than the depreciation expense.
- Government-wide expenses were \$10.68 million, funded with program revenues of \$3.02 million and property, sales, utility, income and other taxes, interest, and miscellaneous revenues of \$9.17 million; with the difference accounting for the increase in net position during the fiscal year of \$1,519,987.
- The General Fund (the Village's main operating fund) ended the year with a fund balance of \$6.71 million decreased from \$7.94 million as of April 30, 2017. The change in fund balance is primarily due to a \$2 million transfer to the new General Capital Improvement Fund. Net of this transfer the fund experienced an \$870k growth. This fund balance represents 75% of the operating expenditures 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. The excess reserves are planned to be intentionally decreased over the next three years to finance scheduled infrastructure improvement projects.

#### 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 multi-year 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

**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 16-17 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 18 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, 2018 compared to April 30, 2017 by Governmental and Water (business-type) activities.

**Village of Lake Bluff Net Position – Exhibit A**

	Governmental Activities			Water Activities			Total
	2018	2017	2018	2017	2018	2017	
Current & other assets	\$15,299,318	\$14,446,611	\$1,159,955	\$1,386,544	\$16,459,273	\$15,833,155	
Capital assets	20,091,918	18,933,028	6,054,044	5,992,161	26,145,962	24,925,189	
Total assets	35,391,236	33,379,639	7,213,999	7,378,705	42,605,235	40,758,344	
Deferred Outflows	2,064,638	1,724,150	139,823	143,855	2,204,461	1,868,005	
Long term liabilities	10,054,808	10,766,273	1,233,611	1,483,468	11,288,419	12,249,741	
Other liabilities	1,817,433	1,652,499	270,136	264,186	2,087,569	1,916,685	
Total liabilities	11,872,241	12,418,772	1,503,747	1,747,654	13,375,988	14,166,426	
Deferred Inflows	5,522,308	4,066,925	148,599	30,545	5,670,907	4,097,470	
<b>Net position:</b>							
Net investment in capital assets	\$19,395,852	\$18,014,940	\$4,722,897	\$4,510,315	\$24,118,749	\$22,525,255	
Restricted	604,218	986,431	-----	-----	604,218	\$986,431	
Unrestricted	177,609	-383,279	981,782	1,234,046	1,159,391	850,767	
<b>Total net position</b>	\$20,177,679	\$18,618,092	\$5,704,679	\$5,744,361	\$25,882,358	\$24,362,453	

At the fiscal year end April 30, 2018 the **primary government** total net position is \$25,882,358 or \$1,519,905 more than the net position at April 30, 2017.

**Governmental activities** combined *restricted* and *unrestricted* net position increased by \$1,559,587. The net investment in capital assets for governmental activities increased by \$1,380,912 as the addition of capital assets exceeded the depreciation expense. **Governmental activities** *restricted* net position of \$604,218 is for street improvements, employee benefits and pensions, public safety E911 maintenance, fire service purposes, and debt repayment. These *restricted* amounts decreased by \$382,213 due to the use of these funds for their designated purposes. The **Governmental activities** *unrestricted* net position increased by \$560,888 from (\$383,279) to \$177,609. Deferred outflows of resources represents a consumption of net position and deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized until that time. The 2018 deferred inflow of resources of \$5,522,308 comprises \$3,298,073 for the 2017 property tax levy to be billed and collected in the next fiscal year and \$2,224,235 for the IMRF and Police Pension defined benefit pension plans. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources. Employer contributions to the pension plans subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources. The unamortized accounting loss on the advance refunding of the 2006 and 2004 bonds in the amounts of \$38,934 and \$62,395 are shown as a deferred outflow of resources in the Governmental and the Water activities, respectively. The **Water activities** total net position decreased by \$39,682. A reconciliation of the IMRF and Police Pension deferred inflows and outflow amounts is shown on pages 43 and 53, respectively.

**Exhibit B** below presents a summary of governmental revenues, expenses, and changes in net position for the fiscal year ended April 30, 2018 compared to April 30, 2017.

**Village of Lake Bluff Changes in Net Position – Exhibit B**

	Governmental Activities			Water (Business-Type)			Total
	2018	2017	2018	2017	2018	2017	
<b>Revenues:</b>							
Program revenues	\$1,475,601	\$1,584,282	\$1,375,903	\$1,278,602	\$2,851,504	\$2,862,884	
Charge for services	174,013	175,776	-----	-----	174,013	175,776	
Operating grants and Contributions	3,529	6,623	-----	-----	3,529	6,623	
Capital grants/donations	-----	-----	-----	-----	-----	-----	
General revenues	3,205,208	3,191,989	-----	-----	3,205,208	3,191,989	
Property taxes	4,165,540	4,100,805	-----	-----	4,165,540	4,100,805	
Sales taxes	1,613,434	1,631,105	-----	-----	1,613,434	1,631,105	
Other taxes	112,721	38,126	8,381	4,106	121,102	42,232	
Interest/Invest Income	74,722	156,764	587	456	75,309	157,220	
Miscellaneous	9,171,625	9,118,789	8,968	4,562	9,180,593	9,123,351	
<i>Subtotal general revenue</i>	10,824,768	10,885,470	1,384,871	1,283,164	12,209,639	12,168,634	
Total revenues	2,374,999	2,230,909	-----	-----	2,374,999	2,230,909	
<b>Expenses:</b>							
General government	4,844,675	4,676,962	-----	-----	4,844,675	4,676,962	
Public safety	2,015,501	3,082,610	-----	-----	2,015,501	3,082,610	
Public works	29,924	33,663	-----	-----	29,924	33,663	
Debt service interest	-----	-----	-----	-----	-----	-----	
Water	-----	-----	1,424,553	1,440,634	1,424,553	1,440,634	
Total expenses	9,265,099	10,024,144	1,424,553	1,440,634	10,689,652	11,464,778	
<b>Incr/(Deer) in net position</b>	<b>1,559,669</b>	861,326	<b>-39,682</b>	-157,470	<b>1,519,987</b>	703,856	
Net position – May 1, 2017	\$18,618,092	\$17,756,766	\$5,774,361	\$5,901,831	\$24,362,453	\$23,658,597	
Net position–April 30, 2018	\$20,177,761	\$18,618,092	\$5,704,679	\$5,744,361	\$25,882,440	\$24,362,453	



Governmental Activities

Total governmental revenues declined by \$60,702 or .56% over the prior year. Strong sales tax revenues from commercial redevelopment were offset by declines in building and tree permits fees, and fines. Total expenses decreased by 7.5% or \$759,045 because revenues exceeded expenses for the year. This resulted in a positive change in the net position of \$1,559,669 as of April 30, 2018 compared to an increase in net position of \$861,326 as of April 30, 2017.

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 6.86% or \$108,641 mostly attributed to building permit and license fees decline of 7.3% to \$876,783 this year from \$943,398 the prior year. Most other fees in this category remained flat or declined slightly.

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 30% of the revenues. Property tax revenue from the 2016 tax levy increased by 2.7% from the impact of the 2.1% Consumer Price Index (CPI) factor and the addition of new property to the tax rolls. Sales taxes (including the home rule sales tax), which comprise the most significant source of governmental revenues at 38.4%, up from 37.6% the prior year, increased by 1.58% or \$64,735.

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 \$17,671 or 1.08%. Specifically, electric utility taxes decreased by \$28,115 or 3.10% and 8.75% respectively from the prior fiscal year as consumption changed during the year. Income taxes decreased by 4% or \$21,989 likely from a reduction in 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. Interest income grew 195% to \$112,721 from \$38,126 as interest rates continued to rise and available cash increased as expenditures declined.

Governmental Expenses

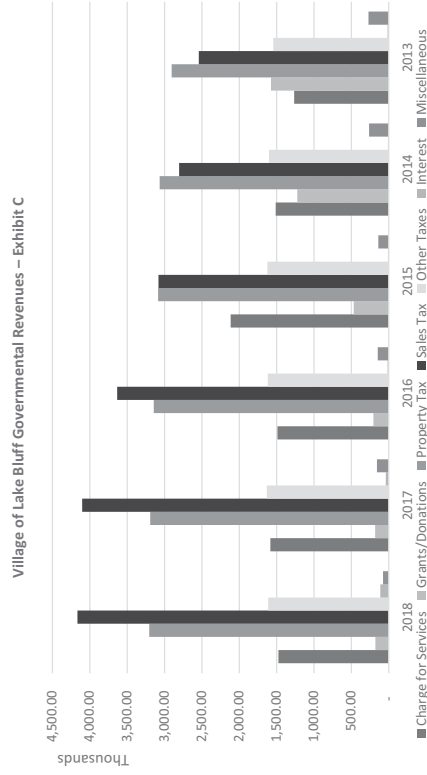
Total governmental expenses decreased \$759,045 or 7.5% due to a decline in contracts and commodities expenses and capital expenses as \$469,389 in street maintenance was funded through the Motor Fuel Tax fund in FY18. Governmental expenses in the *Statement of Changes in Net Position* does not include 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 decreased 1.4% or \$30,933 because a decrease in contractual expenses and the elimination of professional recruitment costs associated with staffing.

The public safety expenses are for the police sworn, dispatch, and fire departments. The Public Safety expenses increased 6.6% or \$262,927. Police officers personnel expenses increased by \$165,793 or 8.73% because the police officer's union contract renegotiated resulting in a retroactive increase in salaries for patrol officers below the rank of Sergeant, and also due to the increase in overtime expenses associated with three leaves of absence. In an attempt to elevate officer welfare and reduce overtime expenses, the Village pursued arbitration to secure the ability to hire part-time officers and was denied. Police officers and public safety support staff represent 17 of the 35 full time Village employees

The public works expenses include costs related to the maintenance of streets, bridges, sewers, street lights, forestry infrastructure, parkways, and sanitation, yard waste and recycling collection. These expenses increased by 3.06% or \$265,574 as capital sewer projects expenditures increased from \$120,115 to \$849,182, a decrease in costs associated with the waste disposal services of \$84,214 or 15.2%, offsets public works expenses by 1.03%. Interest on long term debt decreased by \$2,875 or 13.38% 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 third time in five years.



Water - Proprietary Activities

The water activities include the costs of purchasing and distributing potable water to the Village's 2,054 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 (CLJAWA) at a rate of \$2.76 per 1,000 gallons up from \$2.73 last year. Water purchases expense was \$6,192 less than the prior year of which is attributed to a decrease in water volume.

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 \$7.31 per thousand gallons of water used, up from \$7.10 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, increased \$98,064 from the prior fiscal year. The retail water rate change of \$0.21 accounted for \$38,641 of the increase in water sales revenue and \$59,422 in revenue is attributed to the increase in consumption of 8,129 million gallons. 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 advanced refunded this debt in October 2011 to reduce the net interest costs. The outstanding principal balance of this debt is \$1,350 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 \$10,468,234. The total fund balances grew by \$606,888 from 2017 to 2018 mainly because of reduced capital spending. On page 9 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, 2018 compared to April 30, 2017 with the dollar and percentage change.

**Village of Lake Bluff Governmental Fund Balances – Exhibit D**

	Governmental Activities		Increase/Decrease from 2016
	2018	2017	Percentage Dollars
General	\$6,717,571	\$ 7,943,546	(15.43)% \$ 1,183,318
General Capital Improvements	\$1,995,439		
Redevelopment	105,804	125,344	(15.59)
Motor Fuel Tax (MFT)	153,202	471,647	(67.52)
Vehicle Replacement	1,099,030	879,635	24.94
IL Municipal Retirement	43,148	33,359	29.34
Federal Social Security	69,964	110,240	(36.53)
E-911	229,793	229,895	(0.04)
Fire Dept. Special	25,894	39,607	(34.62)
SSA Bonds	13,668	13,512	0.5
2006/2012 G.O. Bonds	715	715	0.0
SSA Capital Projects	14,006	13,846	0.5
T total	\$10,468,234	\$ 9,861,346	15.6%

**Governmental Funds – Major and Nonmajor**

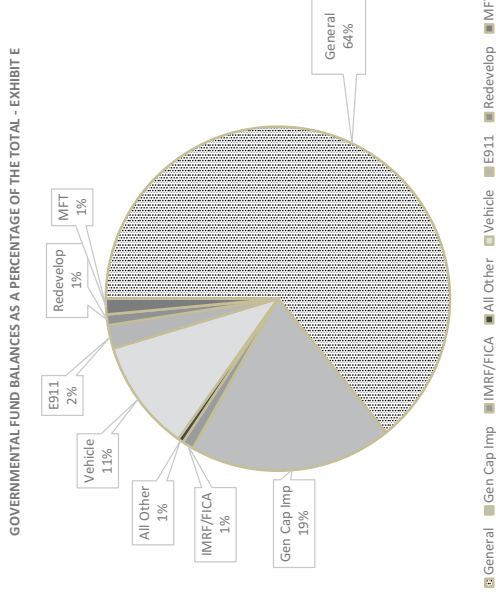
**Major**

The General fund balance of \$6,717,571 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 \$1,226,029 decrease was the result of a \$2 million planned transfer to the new General Capital Improvement Fund. Net of this transfer the fund experienced an \$870,000 increase or 9.74%. Total revenues decreased from the prior year by \$77,735 or .76% while expenditures (not including other financing uses) increased by \$265,754 or 2.9%. Police officers personnel expenses increased by \$165,793 or 8.73% because the police officer's union contract renegotiated resulting in a retroactive increase in salaries for patrol officers below the rank of Sergeant, and also due to the increase in overtime expenses associated with three unintended leaves of absence.

**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 spent \$439,389 from the Motor Fuel Tax Funds for resurfacing projects, \$15,174 was spent on street resurfacing was from the General Fund. 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. Forty percent (40%) of the Village of Glenview consolidated dispatching operations costs are expensed in the police support and fire divisions of the General Fund. The transfer from the E911 Fund to the General Fund is for the current and prior fiscal years expenses. 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. The Village continues to evaluate purchasing opportunities and assess processes for cost savings without sacrificing services and quality. The General Fund expenditures and transfers to other funds were budgeted to exceed revenues and transfers in by \$1,136,200 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 \$10,179,197 were \$7,587 or .07% less than projected. The General Fund expenditures and other financing sources of \$11,479,829 were \$10,114 or .09% less than budgeted due to conservative spending practices, a reduction in contractual obligations, and the carry forward of some capital projects into the next fiscal year; this includes the one time transfer of \$2 million to the newly created Capital Improvement Fund per resolution #2017-64. 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 gain of \$3,046 compared to operating loss of \$106,885 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 7.62% or \$97,432 and operating expenses decreased 0.9% or \$12,499. During the fiscal year the Village engaged a firm to assess water infrastructure, testing water meter accuracy to address the higher than typical water loss ratio that has been experienced over the past few years. No significant deficiencies or issues were revealed. Additionally the Village engaged a firm to check the water system for leaks, which resulted in the discovery of two private and two public leaks that were repaired. A cost analysis of an automated meter system was reviewed and during the next three years the Village plans to incrementally replace the aging water meters with a more efficient electronic reading process.

Capital Assets and Debt Administration

*Capital Assets.* The Village's investment in capital assets, net of accumulated depreciation, for governmental activities was \$20,091,918 in fiscal year 2017 up from \$18,933,028 in fiscal year 2017. This increase is attributable to the investment in capital assets during the year greater than the annual depreciation of assets. The net realizable capital asset investment for the Water Fund increased this fiscal year to \$6,054,044 from \$5,992,161 in fiscal year 2017 because the depreciation did not exceed the investment in capital assets during the year. Water infrastructure improvements are also planned for the upcoming fiscal year. *Additional information regarding the Village's capital assets is presented in the notes on pages 30-32.*

*Long-Term Debt.* At April 30, 2018, the Village had two outstanding bond issues with a total principal balance of \$2,085 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 \$735 thousand. 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 \$1.35 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 0.5% versus the median of 2.1%. The Village's outstanding general obligation debt principal represents 0.36% of 2017 EAV. *Additional information regarding the Village's debt is presented in the footnotes on pages 33-34, 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 remain flat as the new Target and other food and retail establishments have been open for over a year and auto sales are projected to taper.
- Building and development revenues are projected at about \$520 thousand based on construction value of \$17 million.
- 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 International Union of Operating Engineers (IUOE) for public works maintenance workers' collective bargaining agreement was renegotiated in fiscal year 2017 and expires at the end of 2019.
- The Fraternal Order of Police (FOP) for the patrol officers and collective bargaining agreement expired at the end of the fiscal year 2016 and a new contract will take effect in FY19.
- Short-term interest rates are slowly rising increasing interest earnings.
- Wholesale water rate increase from CLCJAWA of \$0.06 per thousand gallons from \$2.76 to \$2.83.
- Retail water rates have remained the same at \$7.31 per thousand gallons as water consumption is projected to remain flat or decrease as new appliances and consumers use less water. The administrative charge per quarterly bill also will remain the same at \$10 for most residential customers (1" or less meter size) up to \$200 per quarter for 6" or larger meters.

- Consumer Price Index-Urban (CPI-U) factor for the 2018 property tax levy is 2.1% the same as 2017 with a projected increase in total equalized assessed value 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 developing the biennial fiscal year 2019-20 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 [bscommsl@lakebluff.org](mailto:bscommsl@lakebluff.org) or access the Village website at [www.lakebluff.org](http://www.lakebluff.org).

VILLAGE OF LAKE BLUFF, ILLINOIS  
STATEMENT OF NET POSITION

April 30, 2018

	Governmental Activities	Primary Government Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 10,656,194	\$ 501,926	\$ 11,158,120
Receivables, net of allowance for uncollectibles			
Property taxes	3,298,073	-	3,298,073
Other taxes	1,168,238	-	1,168,238
Other receivables	238,165	-	238,165
Accounts	89,045	336,532	425,577
Intergovernmental	10,370	-	10,370
Accrued interest	518	-	518
Prepaid items	144,148	2,806	146,954
Inventory	13,259	-	13,259
Internal balances	(318,691)	318,691	-
Capital assets			
Capital assets not being depreciated	3,183,472	3,203	3,186,675
Capital assets being depreciated, net	16,908,446	6,037,411	22,945,857
Net pension asset - IMRF	116,435	16,633	133,068
Total assets	35,507,672	7,217,202	42,724,874
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items - IMRF	541,997	77,428	619,425
Pension items - Police Pension	1,483,707	-	1,483,707
Unamortized charge on refunding	38,934	62,395	101,329
Total deferred outflows of resources	2,064,638	139,823	2,204,461
Total assets and deferred outflows of resources	37,572,310	7,357,025	44,929,335
<b>LIABILITIES</b>			
Accounts payable	416,634	55,497	472,131
Accrued payroll	172,786	4,867	177,653
Interest payable	5,699	16,091	21,790
Other liabilities	261,743	-	261,743
Other unearned revenue	168,055	-	168,055
Deposits payable	513,794	10,853	524,647
Noncurrent liabilities			
Due within one year	278,722	182,828	461,550
Due in more than one year	1,940,413	1,233,611	3,174,024
Net pension liability - Police Pension	8,114,395	-	8,114,395
Total liabilities	11,872,241	1,503,747	13,375,988
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	3,298,073	-	3,298,073
Pension items - IMRF	1,040,193	148,599	1,188,792
Pension items - Police Pension	1,184,042	-	1,184,042
Total deferred inflows of resources	5,522,308	148,599	5,670,907
Total liabilities and deferred inflows of resources	17,394,549	1,652,346	19,046,895

(This statement is continued on the following page.)

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VILLAGE OF LAKE BLUFF, ILLINOIS  
STATEMENT OF NET POSITION (Continued)

April 30, 2018

	Governmental Activities	Primary Government Business-Type Activities	Total
<b>NET POSITION</b>			
Net investment in capital assets	\$ 19,395,852	\$ 4,722,897	\$ 24,118,749
Restricted for			
Employee benefits	113,112	-	113,112
Highways and streets	153,202	-	153,202
Public safety	218,514	-	218,514
Debt service	13,668	-	13,668
Capital outlay	105,804	-	105,804
Unrestricted	177,609	981,782	1,159,391
<b>TOTAL NET POSITION</b>	\$ 20,177,761	\$ 5,704,679	\$ 25,882,440

See accompanying notes to financial statements.

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VILLAGE OF LAKE BLUFF, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>PRIMARY GOVERNMENT</b>			Capital Grants and Contributions
Governmental Activities			
General government	\$ 2,374,999	\$ 1,210,419	\$ -
Public safety	4,844,675	95,830	27,913
Public works	2,015,501	169,352	146,100
Interest on long-term debt	29,924	-	-
Total governmental activities	9,265,099	1,475,601	174,013
Business-Type Activities			
Water	1,424,553	1,375,903	-
Total business-type activities	1,424,553	1,375,903	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 10,689,652</b>	<b>\$ 2,851,504</b>	<b>\$ 174,013</b>

Net (Expense) Revenue and Change in Net Position	Business-Type		Total
	Governmental Activities	Business-Type Activities	
\$ (1,164,580)	\$ -	\$ (1,164,580)	
(4,720,932)	-	(4,720,932)	
(1,696,520)	-	(1,696,520)	
(29,924)	-	(29,924)	
(7,611,956)	-	(7,611,956)	
(48,650)	(48,650)	(48,650)	
(48,650)	(48,650)	(48,650)	
(7,611,956)	(48,650)	(7,660,606)	
General Revenues			
Taxes			
Property tax	3,205,208	-	3,205,208
Utility tax	479,410	-	479,410
Telecommunications	187,945	-	187,945
Replacement taxes	56,767	-	56,767
Sales tax	4,165,540	-	4,165,540
Wireless surcharge	76,740	-	76,740
Other taxes	293,690	-	293,690
Shared income tax	518,882	-	518,882
Miscellaneous	74,722	587	75,309
Investment income	112,721	8,381	121,102
Total	9,171,625	8,968	9,180,593
CHANGE IN NET POSITION	1,559,669	(39,682)	1,519,987
NET POSITION, MAY 1	18,618,092	5,744,361	24,362,453
<b>NET POSITION, APRIL 30</b>	<b>\$ 20,177,761</b>	<b>\$ 5,704,679</b>	<b>\$ 25,882,440</b>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2018

	General	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 6,701,763	\$ 2,007,439	\$ 1,946,992	\$ 10,656,194
Receivables, net				
Property taxes	2,923,070	-	375,003	3,298,073
Other taxes	1,155,139	-	13,099	1,168,238
Other receivables	238,165	-	-	238,165
Accounts	10,064	-	78,981	89,045
Accrued interest	482	-	36	518
Prepaid items	106,975	-	371,773	1,441,148
Inventory	13,259	-	-	13,259
Due from Library	10,370	-	-	10,370
<b>TOTAL ASSETS</b>	\$ 11,159,287	\$ 2,007,439	\$ 2,451,284	\$ 15,618,010

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

<b>LIABILITIES</b>				
Accounts payable	\$ 402,268	\$ 12,000	\$ 2,366	\$ 416,634
Accrued payroll	172,786	-	-	172,786
Other liabilities	261,743	-	-	261,743
Other unearned revenue	168,055	-	-	168,055
Deposits payable	513,794	-	-	513,794
Advance from other funds	-	-	318,691	318,691
Total liabilities	1,518,646	12,000	321,057	1,851,703

**DEFERRED INFLOWS OF RESOURCES**

Unavailable property taxes	2,923,070	-	375,003	3,298,073
Total deferred inflows of resources	2,923,070	-	375,003	3,298,073
Total liabilities and deferred inflows of resources	4,441,716	12,000	696,060	5,149,776

**FUND BALANCES**

Nonspendable inventory	13,259	-	371,773	50,432
Nonspendable prepaid items	106,975	-	-	106,975
Restricted for employee benefits	-	-	113,112	113,112
Restricted for highways and streets	-	-	153,202	153,202
Restricted for public safety	-	-	218,514	218,514
Restricted for debt service	-	-	13,668	13,668
Restricted for capital outlay	-	-	105,804	105,804
Unrestricted	-	-	715	715
Assigned for debt service	300,000	1,995,439	1,113,036	3,408,475
Assigned for capital outlay	6,297,337	-	-	6,297,337
Unassigned	6,717,571	1,995,439	1,755,224	10,468,234
Total fund balances	\$ 11,159,287	\$ 2,007,439	\$ 2,451,284	\$ 15,618,010

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

	\$ 11,159,287	\$ 2,007,439	\$ 2,451,284	\$ 15,618,010
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VILLAGE OF LAKE BLUFF, ILLINOIS  
RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2018

**FUND BALANCES OF GOVERNMENTAL FUNDS** \$ 10,468,234

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 20,091,918

The charge on refunding bonds is capitalized and amortized over the life of the bonds on the statement of net position 38,934

Interest payable is accrued as incurred in the statement of activities as opposed to when paid in governmental funds (5,699)

Net pension liability (asset) is shown as a liability on the statement of net position 116,435  
Illinois Municipal Retirement Fund (8,114,395)  
Police Pension Fund

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 (498,196)  
Illinois Municipal Retirement Fund 299,665  
Police Pension Fund

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds (735,000)  
Bonds payable (385,498)  
Compensated absences payable (1,098,637)  
Net other postemployment benefit

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 20,177,761

See accompanying notes to financial statements.

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, 2018

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 2,851,828	\$ -	\$ 353,380	\$ 3,205,208
Other taxes	5,173,856	-	9,496	5,183,352
Licenses, permits and fees	1,028,629	-	-	1,028,629
Intergovernmental	522,411	-	250,753	773,164
Charges for services	372,426	-	-	372,426
Fines and forfeitures	74,546	-	-	74,546
Investment income	80,346	7,439	24,936	112,721
Miscellaneous	75,155	-	(433)	74,722
Total revenues	10,179,197	7,439	638,132	10,824,768
<b>EXPENDITURES</b>				
Current				
General government	2,171,396	-	147,402	2,318,798
Public safety	4,208,454	-	207,848	4,416,302
Public works	2,562,361	-	556,839	3,119,200
Capital outlay	-	12,000	97,962	109,962
Debt service	-	-	235,000	235,000
Principal	-	-	18,618	18,618
Interest and fiscal charges	-	-	-	-
Total expenditures	8,942,211	12,000	1,263,669	10,217,880
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,236,986	(4,561)	(625,537)	606,888
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	74,657	2,000,000	537,618	2,612,275
Transfers (out)	(2,537,618)	-	(74,657)	(2,612,275)
Total other financing sources (uses)	(2,462,961)	2,000,000	462,961	-
<b>NET CHANGE IN FUND BALANCES</b>	(1,225,975)	1,995,439	(162,576)	606,888
<b>FUND BALANCES, MAY 1</b>	7,943,546	-	1,917,800	9,861,346
<b>FUND BALANCES, APRIL 30</b>	\$ 6,717,571	\$ 1,995,439	\$ 1,755,224	\$ 10,468,234

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, 2018

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 606,888
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	1,939,535
Capitalized capital assets	(780,645)
Depreciation expense	
The change in the net pension liability (asset) is reported only in the statement of activities	
Illinois Municipal Retirement Fund	666,832
Police Pension Fund	(2,493)
The change in deferred inflows and outflows of resources is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(775,184)
Police Pension Fund	(239,426)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle on long-term debt consumes the current financial resources of governmental funds	
Retirement of general obligation debt	235,000
Amortization of charge on refunding	(12,978)
Change in compensated absences payable	20,793
Change in net other postemployment benefit payable	(100,325)
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	1,672
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 1,559,669</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND

April 30, 2018

<b>CURRENT ASSETS</b>	\$ 501,926
Cash and cash equivalents	
Receivables	336,532
Accounts, net of allowance for uncollectible accounts	2,806
Prepaid items	841,264
Total current assets	1,682,528
<b>NONCURRENT ASSETS</b>	
Advance to other funds	318,691
Capital assets not being depreciated	3,203
Capital assets, net of accumulated depreciation	6,037,411
Net pension asset - IMRF	16,633
Total noncurrent assets	6,375,938
<b>Total assets</b>	<b>7,217,202</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized charge on refunding	62,395
Pension items - IMRF	77,428
Total deferred outflows of resources	139,823
<b>Total assets and deferred outflows of resources</b>	<b>7,357,025</b>
<b>CURRENT LIABILITIES</b>	
Accounts payable	55,497
Accrued payroll	4,867
Accrued interest payable	16,091
Deposits held	10,853
Compensated absences payable	2,828
General obligation (alternate revenue source) bonds payable	180,000
Total current liabilities	270,136
<b>NONCURRENT LIABILITIES</b>	
Compensated absences payable	33,499
General obligation (alternate revenue source) bonds payable	1,200,112
Total noncurrent liabilities	1,233,611
<b>Total liabilities</b>	<b>1,503,747</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension items - IMRF	148,299
Total deferred inflows of resources	148,299
<b>Total liabilities and deferred inflows of resources</b>	<b>1,652,046</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,722,897
Unrestricted	981,782
<b>TOTAL NET POSITION</b>	<b>\$ 5,704,679</b>

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, 2018

<b>OPERATING REVENUES</b>	\$ 1,345,096
Water sales	10,610
Meter sales	20,197
Tap-on and connection fees	587
Miscellaneous	
Total operating revenues	1,376,490
<b>OPERATING EXPENSES</b>	
Administrative and finance	446,981
Water purchases	627,108
Water infrastructure	39,250
Depreciation	260,105
Total operating expenses	1,373,444
<b>OPERATING INCOME</b>	<b>3,046</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	8,381
Interest expense	(51,109)
Total non-operating revenues (expenses)	(42,728)
<b>CHANGE IN NET POSITION</b>	<b>(39,682)</b>
<b>NET POSITION, MAY 1</b>	<b>5,744,361</b>
<b>NET POSITION, APRIL 30</b>	<b>\$ 5,704,679</b>

See accompanying notes to financial statements.



VILLAGE OF LAKE BLUFF, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

For the Year Ended April 30, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,316,343
Payments to suppliers	(781,135)
Payments to employees	(308,674)
	<u>226,534</u>
Net cash from operating activities	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Increase in advance to other funds	(15,000)
	<u>(15,000)</u>
Net cash from noncapital financing activities	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	8,381
	<u>8,381</u>
Net cash from investing activities	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(308,558)
Payments of principal	(160,000)
Interest and fiscal charges paid on capital debt	(56,844)
	<u>(525,402)</u>
Net cash from capital and related financing activities	
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(305,487)
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	<u>807,413</u>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<u>\$ 501,926</u>

(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, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 3,046
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	260,105
(Increase) decrease in	
Receivables	(61,147)
Prepaid items	(2,751)
Increase (decrease) in	
A accounts payable	10,738
Accrued payroll	831
Deposits held	1,000
Compensated absences payable	(768)
Pension items - IMRF	15,480
	<u>15,480</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 226,534</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE BLUFF, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION  
POLICE PENSION FUND

April 30, 2018

<b>ASSETS</b>	
Cash	\$ 10,437
Investments (at fair value)	
Corporate bonds	2,239,906
State and local obligations	128,200
Equity securities	2,760,335
U.S. Government obligations	2,027,868
Mutual funds	2,941,778
Total assets	<u>10,108,524</u>
<b>LIABILITIES</b>	
None	-
Total liabilities	<u>-</u>

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

\$ 10,108,524

VILLAGE OF LAKE BLUFF, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
POLICE PENSION FUND

For the Year Ended April 30, 2018

<b>ADDITIONS</b>		
Contributions	\$	662,293
Employer		131,595
Plan members		6,410
Miscellaneous		
Total contributions		<u>800,298</u>
Investment income		342,996
Net appreciation in fair value of investments		229,607
Interest		572,603
Total investment income		<u>(34,252)</u>
Less investment expense		538,351
Net investment income		<u>1,338,649</u>
Total additions		
<b>DEDUCTIONS</b>		
Pension benefits and refunds		741,117
Administrative expenses		8,982
Total deductions		<u>750,099</u>
NET INCREASE		588,550
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>		
May 1		<u>9,519,974</u>
April 30		<u>\$ 10,108,524</u>

See accompanying notes to financial statements.

See accompanying notes to financial statements.

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
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April 30, 2018

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**VILLAGE OF LAKE BLUFF, ILLINOIS**  
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April 30, 2018

**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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The General Capital Improvements Fund accounts for revenues restricted, committed or assigned for use in capital projects and capital equipment purchases.

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.

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

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 acquisition 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Compensated Absences (Continued)

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).

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, except for the Redevelopment Fund.

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.

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 2017 attach as an enforceable lien on January 1, 2017 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, 2018. These 2017 taxes are intended to finance the 2018 fiscal year and are not considered available or earned for current operations and, therefore, are reported as deferred/unearned revenue. The 2018 tax levy has not been recorded as a receivable at April 30, 2018, as the tax attached as a lien on property as of January 1, 2018; however, the tax will not be levied until December 2018 and, accordingly, is not measurable at April 30, 2018.

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, The 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.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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. The Illinois Funds and IMET are rated AAA.

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. The 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 The Illinois Funds and no more than 15% in IMET.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2018 was as follows:

	Balances May 1	Additions	Disposals	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated	\$ 2,913,141	\$ -	\$ -	\$ 2,913,141
Land	-	270,331	-	270,331
Construction in progress	-	-	-	-
Total capital assets not being depreciated	2,913,141	270,331	-	3,183,472

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

**4. CAPITAL ASSETS (Continued)**

	Balances May 1	Additions	Disposals	Balances April 30
<b>GOVERNMENTAL ACTIVITIES (Continued)</b>				
Capital assets being depreciated	\$ 5,979,602	\$ 133,920	\$ -	\$ 6,113,522
Buildings and improvements	5,647,203	133,332	-	5,780,535
Equipment	18,491,056	1,401,952	-	19,893,008
Infrastructure	30,117,861	1,669,204	-	31,787,065
Total capital assets being depreciated	55,256,119	2,204,488	-	57,460,607
Less accumulated depreciation for				
Buildings and improvements	2,938,434	139,450	-	3,077,884
Equipment	3,819,781	350,278	-	4,170,059
Infrastructure	7,339,759	290,917	-	7,630,676
Total accumulated depreciation	14,097,974	780,645	-	14,878,619
Total capital assets being depreciated, net	16,019,887	888,559	-	16,908,446
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 18,933,028</b>	<b>\$ 1,158,890</b>	<b>\$ -</b>	<b>\$ 20,091,918</b>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 70,760
Public safety	272,806
Public works	437,079
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 780,645</b>

	Balances May 1	Increases	Decreases	Balances April 30
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated	\$ 37,114	\$ 3,203	\$ 37,114	\$ 3,203
Construction in progress	37,114	3,203	37,114	3,203
Total capital assets not being depreciated	74,228	6,406	74,228	6,406
Capital assets being depreciated	9,400,305	342,469	-	9,742,774
Water systems/lines	1,817,314	-	-	1,817,314
Water tower	109,845	-	-	109,845
Vehicles	11,327,464	342,469	-	11,669,933
Total capital assets being depreciated	11,846,928	684,938	-	12,531,866

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

4. CAPITAL ASSETS (Continued)

	Balances	
	May 1	April 30
BUSINESS-TYPE ACTIVITIES (Continued)		
Less accumulated depreciation for		
Water system/lines	\$ 4,198,438	\$ 4,405,460
Water tower	1,067,059	1,117,690
Vehicles	106,920	109,372
Total accumulated depreciation	5,372,417	5,632,522
Total capital assets being depreciated, net	5,955,047	6,037,411
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 5,992,161	\$ 37,114

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. The Village 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.

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

5. RISK MANAGEMENT (Continued)

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, 2018.

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.

7. LONG-TERM DEBT

a. Governmental Activities

A summary of changes in long-term debt reported in the governmental activities of the Village for the year ended April 30, 2018 is as follows:

Issue	Fund Debt Retired by	Balances May 1	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	\$ 970,000	\$ -	\$ 235,000	\$ 735,000	\$ 240,000
Compensated absences	General	406,291	14,476	35,269	385,498	38,722
Net pension liability - Police Pension	General	8,111,902	2,493	-	8,114,395	-
Net other postemployment benefit obligation	General	998,312	100,325	-	1,098,637	-
Total governmental activities subtotal		10,486,505	117,294	270,269	10,333,530	278,722
Net pension liability (asset) - IMRF	General	550,397	-	666,832	(116,435)	-
TOTAL GOVERNMENTAL ACTIVITIES TOTAL		\$ 11,036,902	\$ 117,294	\$ 937,101	\$ 10,217,095	\$ 278,722

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

7. LONG-TERM DEBT (Continued)

b. Business-Type Activities

A summary of changes in long-term debt reported in the business-type activities of the Village for the year ended April 30, 2018 is as follows:

Issue	Fund Debt Retired by	Balances May 1	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 2.00% to 3.50%.	Waterworks	\$ 1,520,000	\$ -	\$ 170,000	\$ 1,350,000	\$ 180,000
Compensated absences	Waterworks	37,095	17,073	17,841	36,327	2,828
Unamortized premium	Waterworks	35,586	-	5,474	30,112	-
Total business-type activities subtotal		1,592,681	17,073	193,315	1,416,439	182,828
Net pension liability (asset) - IMRP	Waterworks	78,628	-	95,261	(16,633)	-
TOTAL BUSINESS-TYPE ACTIVITIES TOTAL		\$ 1,671,309	\$ 17,073	\$ 288,576	\$ 1,399,806	\$ 182,828

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
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	\$ 735,000	\$ 31,625	\$ 1,350,000	\$ 181,268

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, 2018 consist of the following:

Receivable Fund	Payable Fund	Amount
Water	Vehicle/Equipment Replacement (Nonmajor governmental)	\$ 318,691
TOTAL		\$ 318,691

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

- \$318,691 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	(Out)
General	\$ 74,657	\$ 2,537,618
General Capital Improvements	2,000,000	-
Nonmajor governmental	537,618	74,657
TOTAL ALL FUNDS	\$ 2,612,275	\$ 2,612,275

The purposes of significant transfers are as follows:

- \$253,618 was transferred to the 2006 General Obligation Bond Fund from the General Fund for funding of nonproperty tax debt. \$284,000 was transferred to the Vehicle/Equipment Replacement Fund from the General Fund for the replacement of vehicles and technology equipment.
- \$2,000,000 was transferred to the General Capital Improvements Fund from the General Fund to set up the General Capital Improvements Fund.
- \$74,657 was transferred from the E-911 Fund to the General Fund.

**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.
- b. Construction Contracts  
The value of purchase commitments for capital assets at April 30, 2018 is \$845,316.
- 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, 2018 are:  
Village of Grayslake  
Village of Gurnee  
Village of Lake Bluff  
Village of Libertyville  
Village of Lindenhurst  
Village of Mundelein  
Village of Round Lake  
Village of Round Lake Beach  
Village of Volo  
Village of Wauconda  
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 is 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 \$627,108 to CLCJAWA for fiscal year 2018, 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 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, 2018, 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.

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.

**10. JOINT VENTURES (Continued)**

- b. Solid Waste Agency of Lake County (Continued)

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, 2018.

**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](http://www.imrf.org).

- a. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Administration*

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

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. 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.

11. DEFINED BENEFIT PENSION PLANS

- a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Plan Membership*

At December 31, 2017, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits 42  
Inactive employees entitled to but not yet receiving benefits 31  
Active employees 29

TOTAL

102

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

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

- 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 2017 and 2018 was 10.07% and 9.15% respectively of covered payroll.

*Actuarial Assumptions*

The Village's net pension liability (asset) was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Price inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value of assets

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

- a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the IMRF total pension liability (asset) was 7.50%. 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 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability (Asset)*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2017	\$ 13,228,060	\$ 12,441,779	\$ 786,281
Changes for the period			
Service cost	214,345	-	214,345
Interest	974,950	-	974,950
Difference between expected and actual experience	466,302	-	466,302
Changes in assumptions	(421,023)	-	(421,023)
Employer contributions	-	216,101	(216,101)
Employee contributions	-	96,570	(96,570)
Net investment income	-	2,187,221	(2,187,221)
Benefit payments and refunds	(671,788)	(671,788)	-
Other (net transfer)	-	(312,702)	312,702
Net changes	562,786	1,515,402	(952,616)
BALANCES AT DECEMBER 31, 2017	\$ 13,790,846	\$ 13,957,181	\$ (166,335)

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

- 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 (asset) at January 1, 2017, the employer contributions and the net pension liability (asset) at December 31, 2017 was \$629,025, \$174,179 and \$(133,068), respectively. The Library's proportionate share of the net pension liability (asset) at January 1, 2017, the employer contributions and the net pension liability (asset) at December 31, 2017 was \$157,256, \$38,210 and \$(33,267), respectively.

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

For the year ended April 30, 2018, the Village recognized pension expense of \$298,011.

At April 30, 2018, the Village and the Library 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	\$ 269,313	\$ 135,444	\$ 133,869
Changes in assumptions	1,220	234,608	(233,388)
Net difference between projected and actual earnings on pension plan investments	294,036	818,740	(524,704)
Employer contributions after the measurement date	54,856	-	54,856
TOTAL	\$ 619,425	\$ 1,188,792	\$ (569,367)

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, 2018 was \$619,425. The Library's proportionate share of the deferred outflows of resources at April 30, 2018 was \$154,857. The Village's proportionate share of the deferred inflows of resources at April 30, 2018 was \$1,188,792. The Library's proportionate share of the deferred inflows of resources at April 30, 2018 was \$297,198.

11. DEFINED BENEFIT PENSION PLANS (Continued)

- a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

Changes in assumptions related to price inflation, salary increases, retirement age and mortality rates were made since the prior measurement date.

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:

Fiscal Year Ending April 30,	
2019	\$ (147,812)
2020	(86,856)
2021	(194,870)
2022	(204,685)
2023	-
Thereafter	-
TOTAL	<u>\$ (634,223)</u>

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village calculated using the discount rate of 7.50% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset) - village	\$ 1,212,328	\$ (133,068)	\$ (1,243,920)
Net pension liability (asset) - library	303,082	(33,267)	(310,980)
Net pension liability (asset) - total	<u>\$ 1,515,410</u>	<u>\$ (166,335)</u>	<u>\$ (1,554,900)</u>

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 President, 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, 2018, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>14</u>
TOTAL	<u><u>29</u></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 2.50% of such salary for each



11. DEFINED BENEFIT PENSION PLANS (Continued)

- a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided (Continued)*

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 1/2 of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% 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., 1/2% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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 1/2 of the change in the Consumer Price Index for the preceding 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 23 years) as a level percent of payroll. For the year ended April 30, 2018, the Village's contribution was 45.81% of covered payroll.

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 investment grade or better. During the year ended April 30, 2018, the Board of Trustees approved changes to the investment policy.

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	27%	2.47%
Mid Cap Domestic Equity	3%	0.30%
Small Cap Domestic Equity	3%	0.31%
REITs	3%	0.24%
Non-US Developed Equity	16%	1.40%
Emerging Markets	8%	0.91%
Fixed Income	37%	1.78%
Cash and Cash Equivalents	3%	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 April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts.

*Investment Rate of Return*

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.61%. 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 The Illinois Funds hold more than 10% of the Fund's portfolio at any time. In addition, the following allocations are desired: depository accounts at 2% to 20%, fixed income securities at 35% to 80% and equity securities and mutual funds at 20% to 65%.

At April 30, 2018, 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.

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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	Greater than 10	
U.S. Treasury obligations	\$ 1,660,555	\$ 214,422	\$ 893,125	\$ 553,008	\$ -	
U.S. agency obligations	367,313	-	185,792	119,547	61,974	
Municipal bonds	128,200	-	128,200	-	-	
Corporate bonds	2,239,906	179,908	1,183,501	825,797	50,700	
TOTAL	\$ 4,395,974	\$ 394,330	\$ 2,390,618	\$ 1,498,352	\$ 112,674	

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.

The Fund has the following recurring fair value measurements as of April 30, 2018, The U.S. Treasury obligations and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, municipal bonds and the corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

*Credit Risk*

The Fund's policy to limit its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, is 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, 2018, municipal bonds held were rated Aa2 to Aa1. Corporate bonds held were rated between Baa3 to Aa1.

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 6.64%. 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 3.90% on long-term municipal bonds was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2017	\$ 17,631,876	\$ 9,519,974	\$ 8,111,902
Changes for the period			
Service cost	392,546	-	392,546
Interest	1,137,209	-	1,137,209
Difference between expected and actual experience	(747,339)	-	(747,339)
Changes in assumptions	605,477	-	605,477
Employer contributions	-	662,293	(662,293)
Employee contributions	-	131,595	(131,595)
Net investment income	-	591,512	(591,512)
Benefit payments and refunds	(741,117)	(741,117)	-
Administrative expense	(55,733)	(55,733)	-
Net changes	591,043	588,550	2,493
BALANCES AT APRIL 30, 2018	\$ 18,222,919	\$ 10,108,524	\$ 8,114,395

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, 2018
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-2014 Mortality Table projected to 2018 with scale MP2017.

*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 6.64% 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 (5.64%) or 1 percentage point higher (7.64%) than the current rate:

	1% Decrease (5.64%)	Current Discount Rate (6.64%)	1% Increase (7.64%)
Net pension liability	\$ 10,982,054	\$ 8,114,395	\$ 5,801,429

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, 2018, the Village recognized police pension expense of \$242,225. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

Difference between expected and actual experience Changes in assumption	\$ -	\$ 1,087,801
Net difference between projected and actual earnings on pension plan investments	1,156,084	-
	231,382	-
TOTAL	\$ 1,387,466	\$ 1,087,801

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:

Fiscal Year Ending April 30,	
2019	\$ 140,206
2020	140,206
2021	6,309
2022	38,385
2023	(15,809)
Thereafter	(9,632)
TOTAL	\$ 299,665

**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 (most recent data available), 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>
<b>TOTAL</b>	<u><u>34</u></u>
Participating employers	<u>1</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.

**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
2016	\$ 119,311	\$ 49,699	41.66%	\$ 899,632
2017	148,379	49,699	33.49%	998,312
2018	150,024	49,699	37.26%	1,098,637

The net OPEB obligation as of April 30, 2018 was calculated as follows:

Annual required contribution	\$ 133,385
Interest on net OPEB obligation	49,916
Adjustment to annual required contribution	<u>(33,277)</u>
<b>Annual OPEB cost Contributions made</b>	<u>150,024</u> <u>49,699</u>
<b>Increase in net OPEB obligation</b>	<u>100,325</u>
<b>Net OPEB obligation, beginning of year</b>	<u>998,312</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<u><u>\$ 1,098,637</u></u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2016 (most recent data available) 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%

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

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**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 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 2.50% 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.

**13. TAX ABATEMENT DISCLOSURE**

The Village has entered into economic incentive agreements with commercial entities whereby the Village has agreed to reimburse the commercial entity for certain unique infrastructure costs incurred by the commercial entity through municipal shared sales tax and home rule sales tax rebates. The amount of the rebates is limited to \$4,200,000 (\$567,111 received solely from sales taxes, generated by the commercial entity). The rebates are to be paid within 120 days after the sixth and twelfth month of each sales tax year. During the fiscal year ended April 30, 2017, approximately \$256,658 in sales taxes were rebated under these agreements. At April 30, 2018, the Village has accrued an estimated rebate liability of \$157,393 for amounts collected by the state and Village through April 30, 2018. The amounts to be reimbursed annually are limited to various percentages or maximum limits of shared sales taxes and home rule sales taxes generated by the commercial entity.

**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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Property taxes	\$ 2,856,850	\$ 2,851,828	\$ (5,022)
Other taxes	4,930,670	5,173,856	243,186
Licenses, permits and fees	1,042,136	1,028,629	(13,507)
Intergovernmental grants and reimbursements	882,925	522,411	(360,514)
Charges for services	371,735	372,426	691
Fines and forfeitures	100,550	74,546	(26,004)
Investment income	20,000	80,346	60,346
Miscellaneous	55,075	75,155	20,080
Total revenues	10,259,941	10,179,197	(80,744)
<b>EXPENDITURES</b>			
Current			
General government	2,597,095	2,171,396	(425,699)
Public safety	4,271,865	4,208,454	(63,411)
Public works	4,028,365	2,562,361	(1,466,004)
Total expenditures	10,897,325	8,942,211	(1,955,114)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(637,384)	1,236,986	1,874,370
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	1,500	-	(1,500)
Transfers in	-	74,657	74,657
Transfers (out)	(592,618)	(2,537,618)	(1,945,000)
Total other financing sources (uses)	(591,118)	(2,462,961)	(1,871,843)
NET CHANGE IN FUND BALANCE	\$ (1,228,502)	(1,225,975)	\$ 2,527
FUND BALANCE, MAY 1		7,943,546	
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 6,717,571</u>	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLAN

For the Year Ended April 30, 2018

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAAL) (2)-(1)	(5) Covered Payroll	UAAAL as a Percentage of Covered Payroll (4)/(5)
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%
2017	N/A	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Other Postemployment Benefit Plan Obligation
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
2017	49,699	133,385	37.26%	998,312
2018	49,699	133,385	37.26%	1,098,637

N/A - Information not available.

(See independent auditor's report.)

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 180,218	\$ 167,935	\$ 174,179
Contributions in relation to the actuarially determined contribution	180,218	167,935	174,179
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 1,704,998	\$ 1,659,631	\$ 1,740,529
Contributions as a percentage of covered-employee payroll	10.57%	10.12%	10.01%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior calendar 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 and the amortization period was 26-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 20.00% corridor; and the significant actuarial assumptions were wage growth at 3.50% annually; price inflation of 2.75% annually; projected salary increases of 3.75% to 14.50%, annually, including inflation; and an investment rate of return of 7.50% annually.

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

(See independent auditor's report.)

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**POLICE PENSION FUND**

Last Four Fiscal Years

<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 604,012	\$ 690,595	\$ 672,314	\$ 709,784
Contributions in relation to the actuarially determined contribution	610,228	645,381	656,614	662,293
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (6,216)</b>	<b>\$ 45,214</b>	<b>\$ 15,700</b>	<b>\$ 47,491</b>
Covered-employee payroll	\$ 1,251,993	\$ 1,312,723	\$ 1,315,934	\$ 1,341,302
Contributions as a percentage of covered-employee payroll	48.74%	49.16%	49.90%	49.38%

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 22 years to achieve 95.00% 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.

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

(See independent auditor's report.)



**VILLAGE OF LAKE BLUFF, ILLINOIS**  
 SCHEDULE OF THE VILLAGE'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY (ASSET)  
 ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Calendar Years

MEASUREMENT DATE	2015	2016	2017
Employer's proportion of net pension liability (asset)	80.00%	80.00%	80.00%
Employer's proportionate share of net pension liability (asset)	\$ 925,222	\$ 629,025	\$ (133,068)
Employer's covered-employee payroll	1,704,998	1,659,631	1,716,802
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.27%	37.90%	(7.75%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.16%	94.06%	101.21%

Notes to Required Supplementary Information

The investment rate of return used in the current year and 2016 is 7.50% while that used in 2015 was 7.49%. There was a change in assumptions related to price inflation, salary increases, retirement age and mortality rates made in the current year.

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

(See independent auditor's report.)

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
 SCHEDULE OF CHANGES IN THE EMPLOYERS'  
 NET PENSION LIABILITY AND RELATED RATIOS  
 POLICE PENSION FUND

Last Four Fiscal Years

MEASUREMENT DATE	2015	2016	2017	2018
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 262,210	\$ 355,364	\$ 364,423	\$ 392,546
Interest	1,090,096	1,042,461	1,088,816	1,137,209
Changes of benefit terms				
Differences between expected and actual experience	(775,681)	(48,758)	(555,524)	(747,339)
Changes of assumptions	715,314	360,214	605,477	605,477
Benefit payments, including refunds of member contributions	(771,609)	(769,893)	(805,612)	(741,117)
Administrative expense	-	(48,789)	(49,440)	(55,733)
Net change in total pension liability	520,330	890,599	648,140	591,043
Total pension liability - beginning	15,572,807	16,093,137	16,983,736	17,631,876
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 16,093,137</b>	<b>\$ 16,983,736</b>	<b>\$ 17,631,876</b>	<b>\$ 18,222,919</b>

**PLAN FIDUCIARY NET POSITION**

Contributions - employer	\$ 610,228	\$ 645,381	\$ 656,614	\$ 662,293
Contributions - member	126,214	129,205	128,665	131,595
Net investment income	418,503	(76,816)	737,822	591,512
Benefit payments, including refunds of member contributions	(771,609)	(769,893)	(805,612)	(741,117)
Administrative expense	(7,200)	(48,789)	(11,052)	(55,733)
Net change in plan fiduciary net position	376,136	(120,912)	706,437	588,550
Plan fiduciary net position - beginning	8,558,313	8,934,449	8,813,537	9,519,974
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 8,934,449</b>	<b>\$ 8,813,537</b>	<b>\$ 9,519,974</b>	<b>\$ 10,108,524</b>

**EMPLOYER'S NET PENSION LIABILITY**

Plan fiduciary net position as a percentage of the total pension liability	55.52%	51.89%	53.99%	55.47%
Covered-employee payroll	\$ 1,251,993	\$ 1,312,723	\$ 1,315,934	\$ 1,341,302
Employer's net pension liability as a percentage of covered-employee payroll	571.78%	622.59%	616.44%	604.96%

There was a change in 2018 and 2017 with respect to actuarial assumptions from the prior years to reflect revised expectations with respect to the discount rate.

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

(See independent auditor's report.)

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

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	5.48%	(1.25%)	8.58%	5.61%

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

VILLAGE OF LAKE BLUFF, ILLINOIS  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

**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, 2018. 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.
- f. The Fire Department Special Fund and the Federal Social Security Funds have excess of actual expenditures over budget by \$9,504 and \$926, respectively

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 Funds - General Capital Improvements Fund, Special Service Area Capital Improvements Fund

**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.

General Capital Fund - to account for revenues restricted, committed or assigned for use in capital projects and capital equipment purchases.

VILLAGE OF LAKE BLUFF, ILLINOIS  
 SCHEDULE OF DETAILED REVENUES -  
 BUDGET AND ACTUAL  
 GENERAL FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Taxes			
Property taxes			
General	\$ 683,350	\$ 682,149	\$ (1,201)
Waste disposal	575,000	573,986	(1,014)
Police protection	415,000	414,270	(730)
Crossing guards	6,000	5,989	(11)
Fire protection	315,000	314,444	(556)
Audit	25,000	24,960	(40)
Unemployment	10,000	9,986	(14)
Police pension	672,500	671,316	(1,184)
Liability insurance	155,000	154,728	(272)
Total property taxes	2,856,850	2,851,828	(5,022)
Other taxes			
Home rule sales tax	958,800	966,218	7,418
Sales tax sharing - North Chicago	15,000	10,153	(4,847)
Prepared food and beverage tax	119,200	135,654	16,454
Utility tax - natural gas	153,000	164,272	11,272
Utility tax - electricity	310,000	315,138	5,138
Telecommunications tax	215,300	187,945	(27,355)
Demolition tax	30,000	72,500	42,500
Road and bridge	83,000	85,535	2,535
Personal property replacement tax	35,000	41,724	6,724
Replacement tax - police pension	5,000	5,547	547
Sales tax	3,002,370	3,185,738	183,368
Sales tax - auto rental	4,000	3,432	(568)
Total other taxes	4,930,670	5,173,856	243,186
<b>Total taxes</b>	7,787,520	8,025,684	238,164
Licenses, permits and fees			
Beverage licenses	27,550	24,750	(2,800)
Farmers' market permit	8,250	7,518	(732)
Vehicle license fees	127,500	126,036	(1,464)
Vehicle licenses - late fees	2,400	1,690	(710)
Village lot parking fees	7,500	6,228	(1,272)

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES (Continued)</b>			
Licenses, permits and fees (Continued)			
Central business district (CBD) parking permits	\$ 1,300	\$ 1,325	\$ 25
Commuter lot parking fees	94,500	89,985	(4,515)
Bicycle licenses	3	-	(3)
Peddler permits	500	200	(300)
Contractor's business license	28,000	27,400	(600)
Business license	4,000	3,100	(900)
Building permits	520,200	528,010	7,810
Demolition permits	20,000	32,497	12,497
Electrical, plumbing, heating and air conditioning	7,000	4,280	(2,720)
Plan review fees - sprinkler	1,500	-	(1,500)
Elevator plan review	400	(160)	(560)
Occupancy permits	2,000	1,750	(250)
Business occupancy permits	700	900	200
Street opening permits	2,500	-	(2,500)
Sewer permits	10,000	4,500	(5,500)
Pools and spas	3,500	2,640	(860)
Other permits	5,000	5,385	385
Alarm system license	8,675	8,750	75
Telecom franchise fees	7,158	7,158	-
PEG access fees	39,000	29,432	(9,568)
Cable franchise fees	113,000	115,255	2,255
Total licenses, permits and fees	1,042,136	1,028,629	(13,507)
Intergovernmental			
State income taxes	577,925	518,882	(59,043)
Federal grants	304,600	3,129	(301,471)
State grants	400	400	-
Total intergovernmental	882,925	522,411	(360,514)
Charges for services			
Public works			
Sewer charge	168,000	167,902	(98)
Stormwater ordinance review	1,000	1,450	450
Public safety			
Fire protection district and police services	27,250	21,284	(5,966)

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES (Continued)</b>			
Charges for services (Continued)			
General government	\$ 475	\$ 582	\$ 107
Photo copy sales	10	-	(10)
Maps and publications	5,000	-	(5,000)
Zoning application fees	170,000	181,208	11,208
Rental income			
Total charges for services	371,735	372,426	691
Fines and forfeitures			
Public safety			
Court fines	70,000	55,528	(14,472)
Alarm system fines	500	400	(100)
Parking fines	24,000	8,563	(15,437)
Vehicle sticker fines	3,500	2,310	(1,190)
Nuisances fines	2,000	7,595	5,595
Animal impoundment fee	300	150	(150)
General government			
Other fines/building code fines	250	-	(250)
Total fines and forfeitures	100,550	74,546	(26,004)
Investment income	20,000	80,346	60,346
Miscellaneous			
Recycling rebates	1,500	4,539	3,039
Contributions/donations	6,575	1,404	(5,171)
Tree sharing program	2,000	-	(2,000)
Naperville contributions/impact fee	-	18,482	18,482
Tree permit and mitigation fee	40,000	16,610	(23,390)
Police duty reimbursements	-	1,700	1,700
Restitution/claims/insurance reimbursements	-	5,853	5,853
Miscellaneous income	5,000	25,480	20,480
Police application fee	-	1,087	1,087
Total miscellaneous	55,075	75,155	20,080
<b>TOTAL REVENUES</b>	\$ 10,259,941	\$ 10,179,197	\$ (80,744)

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>GENERAL GOVERNMENT</b>			
Administrator's office			
Personnel	\$ 463,640	\$ 447,680	\$ (15,960)
Contractual services/commodities	486,865	413,067	(73,798)
Contingency	200,000	-	(200,000)
Total administrator's office	1,150,505	860,747	(289,758)
Finance department			
Personnel	413,060	395,401	(17,659)
Contractual services/commodities	140,800	121,910	(18,890)
Capital outlay	-	70	70
Total finance department	553,860	517,381	(36,479)
Boards and commissions			
Contractual services/commodities	312,975	321,651	8,676
Total boards and commissions	312,975	321,651	8,676
Engineering, community development			
Personnel	215,800	187,937	(27,863)
Contractual services/commodities	140,155	106,595	(33,560)
Total engineering, community development	355,955	294,532	(61,423)
Village hall			
Personnel	9,900	9,607	(293)
Contractual services/commodities	207,000	164,318	(42,682)
Total village hall	216,900	173,925	(42,975)
Village properties			
Contractual services/commodities	6,900	3,160	(3,740)
Total village properties	6,900	3,160	(3,740)
Total general government	2,597,095	2,171,396	(425,699)

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>PUBLIC SAFETY</b>			
Police protection			
Personnel	\$ 1,998,510	\$ 2,063,986	\$ 65,476
Police pension contribution	677,500	662,293	(15,207)
Contractual services/commodities	222,000	214,628	(7,372)
Capital outlay	44,500	27,613	(16,887)
Total police protection	2,942,510	2,968,520	26,010
Police dispatch and operations			
Personnel	179,575	175,154	(4,421)
Contractual services/commodities	311,120	321,615	10,495
Total police dispatch and operations	490,695	496,769	6,074
Crossing guards			
Personnel	32,500	20,702	(11,798)
Total crossing guards	32,500	20,702	(11,798)
Fire protection			
Personnel	171,975	170,758	(1,217)
Contractual services/commodities	512,485	439,422	(73,063)
Capital outlay	26,200	26,422	222
Total fire protection	710,660	636,602	(74,058)
Public safety buildings			
Personnel	9,900	9,709	(191)
Contractual services/commodities	58,100	51,370	(6,730)
Capital outlay	27,500	24,782	(2,718)
Total public safety buildings	95,500	85,861	(9,639)
Total public safety	4,271,865	4,208,454	(63,411)

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>PUBLIC WORKS</b>			
Streets and bridges			
Personnel	\$ 371,160	\$ 365,805	\$ (5,355)
Contractual services/commodities	166,600	142,975	(23,625)
Capital outlay	180,000	51,494	(128,506)
Total streets and bridges	717,760	560,274	(157,486)
Sanitation			
Personnel	11,000	10,682	(318)
Contractual services/commodities	508,900	502,488	(6,412)
Total sanitation	519,900	513,170	(6,730)
Forestry			
Personnel	157,465	115,938	(41,527)
Contractual services/commodities	38,900	26,499	(12,401)
Capital outlay	7,500	6,611	(889)
Total forestry	203,865	149,048	(54,817)
Parks and parkways			
Personnel	40,710	39,162	(1,548)
Contractual services/commodities	65,700	39,916	(25,784)
Total parks and parkways	106,410	79,078	(27,332)
Sewers			
Personnel	176,180	172,670	(3,510)
Contractual services/commodities	77,350	25,356	(51,994)
Capital outlay	1,757,500	849,182	(908,318)
Total sewers	2,011,030	1,047,208	(963,822)

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>PUBLIC WORKS (Continued)</b>			
Public works facility			
Personnel	\$ 5,650	\$ 8,730	\$ 3,080
Contractual services/commodities	50,025	45,734	(4,291)
Capital outlay	21,000	13,600	(7,400)
Total public works facility	76,675	68,064	(8,611)
Commuter station building and lot			
Personnel	43,425	45,218	1,793
Contractual services/commodities	349,300	100,301	(248,999)
Total commuter station building and lot	392,725	145,519	(247,206)
Total public works	4,028,365	2,562,361	(1,466,004)
<b>TOTAL EXPENDITURES</b>	\$ 10,897,325	\$ 8,942,211	\$ (1,955,114)

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.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	Special Revenue						Total Nonmajor Special Revenue Funds
	Illinois Municipal Retirement	Fire Department Special	Federal Social Security	Motor Fuel Tax	E-911		
\$ 42,534 \$ 25,894 \$ 69,964 \$ 140,103 \$ 114,253 \$ 392,748							
175,001	-	200,002	-	-	-	375,003	
-	-	-	13,099	-	-	13,099	
614	-	-	-	78,367	-	78,981	
-	-	-	-	37,173	-	37,173	
<b>\$ 218,149 \$ 25,894 \$ 269,966 \$ 153,202 \$ 229,793 \$ 897,004</b>							

ASSETS

Cash and investments	
Receivables, net	
Property taxes	
Other taxes	
Accrued interest	
Accounts	
Prepaid items	
<b>TOTAL ASSETS</b>	<b>\$ 218,149 \$ 25,894 \$ 269,966 \$ 153,202 \$ 229,793 \$ 897,004</b>

LIABILITIES, DEFERRED INFLOWS  
 OF RESOURCES AND FUND BALANCES

LIABILITIES	
Accounts payable	
Advance from other funds	
Total liabilities	
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>175,001</b>
Unavailable property taxes	200,002
Total deferred inflows of resources	175,001
Total liabilities and deferred inflows of resources	175,001

FUND BALANCES

Nonspendable - prepaid items	37,173
Restricted for employee benefits	113,112
Restricted for public safety	218,514
Restricted for highways and streets	153,202
Restricted for debt service	-
Restricted for capital outlay	-
Unrestricted	-
Assigned for debt service	-
Assigned for capital outlay	-
Total fund balances	43,148
<b>TOTAL LIABILITIES, DEFERRED INFLOWS          OF RESOURCES AND FUND BALANCES</b>	<b>\$ 218,149 \$ 25,894 \$ 269,966 \$ 153,202 \$ 229,793 \$ 897,004</b>

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

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Property taxes	\$ 152,000	\$ 157,723	\$ 5,723
Other taxes			
Replacement taxes	4,000	4,316	316
Investment income	60	878	818
Total revenues	156,060	162,917	6,857
<b>EXPENDITURES</b>			
Current			
General government			
Employer contributions	87,849	86,565	(1,284)
Public safety			
Employer contributions	20,764	18,798	(1,966)
Public works			
Employer contributions	54,213	47,765	(6,448)
Total expenditures	162,826	153,128	(9,698)
NET CHANGE IN FUND BALANCE	\$ (6,766)	\$ 9,789	\$ 16,555
FUND BALANCE, MAY 1		33,350	
<b>FUND BALANCE, APRIL 30</b>		\$ 43,148	

Debt Service	Capital Projects						Total
	2006/2012 General Obligation Bond	Total Nonmajor Debt Service Funds	Special Service Area Capital Improvement	Vehicle/ Equipment Replacement	Redevelopment Program	Nonmajor Capital Projects Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,380
-	-	-	-	-	-	-	9,496
-	-	-	-	-	-	-	250,753
156	156	160	12,787	1,030	13,977	-	24,936
-	-	-	-	-	-	-	(433)
156	156	160	12,787	1,030	13,977	-	638,132
-	-	-	-	-	-	-	147,402
-	-	-	-	-	-	-	207,848
-	-	-	-	-	-	-	556,839
-	235,000	235,000	-	-	-	-	235,000
-	18,618	18,618	-	-	-	-	18,618
-	-	-	77,392	20,570	97,962	-	97,962
-	253,618	253,618	-	77,392	20,570	97,962	1,263,669
156	(253,618)	(253,462)	160	(64,605)	(19,540)	(83,985)	(625,537)
-	253,618	253,618	-	284,000	-	284,000	537,618
-	-	-	-	-	-	-	(74,657)
-	253,618	253,618	-	284,000	-	284,000	462,961
156	-	156	160	219,395	(19,540)	200,015	(162,576)
13,512	715	14,227	13,846	879,635	125,344	1,018,825	1,917,800
\$ 13,668	\$ 715	\$ 14,383	\$ 14,006	\$ 1,099,030	\$ 105,804	\$ 1,218,840	\$ 1,755,224

(See independent auditor's report.)

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Intergovernmental			
Foreign fire insurance tax	\$ 27,500	\$ 27,913	\$ 413
Investment income	15	11	(4)
Miscellaneous	50	(433)	(483)
Total revenues	27,565	27,491	(74)
<b>EXPENDITURES</b>			
Public safety			
Volunteer recognition	7,500	-	(7,500)
Technology services	900	1,788	888
Professional development	6,000	1,675	(4,325)
Postage	300	-	(300)
Smoke detector program	500	692	192
Community relations	1,500	736	(764)
Uniforms	7,000	-	(7,000)
Utilities	-	190	190
Furniture and equipment	5,000	25,293	20,293
Minor equipment	1,000	98	(902)
Donations	1,500	-	(1,500)
Miscellaneous	500	10,732	10,232
Total expenditures	31,700	41,204	9,504
NET CHANGE IN FUND BALANCE	\$ (4,135)	(13,713)	\$ (9,578)
FUND BALANCE, MAY 1		39,607	
<b>FUND BALANCE, APRIL 30</b>		\$ 25,894	

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Property taxes	\$ 195,700	\$ 195,657	\$ (43)
Other taxes			
Replacement taxes	4,000	5,180	1,180
Investment income	70	1,434	1,364
Total revenues	199,770	202,271	2,501
<b>EXPENDITURES</b>			
Current			
General government			
Employer contributions	55,422	60,837	5,415
Public safety			
Employer contributions	146,442	142,025	(4,417)
Public works			
Employer contributions	39,757	39,685	(72)
Total expenditures	241,621	242,547	926
NET CHANGE IN FUND BALANCE	\$ (41,851)	(40,276)	\$ 1,575
FUND BALANCE, MAY 1		110,240	
<b>FUND BALANCE, APRIL 30</b>		\$ 69,964	

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Intergovernmental	\$ 135,000	\$ 146,100	\$ 11,100
Allotments earned	45	4,844	4,799
Investment income			
Total revenues	135,045	150,944	15,899
<b>EXPENDITURES</b>			
Public works			
Street maintenance	550,000	469,389	(80,611)
Total expenditures	550,000	469,389	(80,611)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(549,955)	(464,545)	85,410
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	55,000	-	(55,000)
Total other financing sources (uses)	55,000	-	(55,000)
NET CHANGE IN FUND BALANCE	\$ (359,955)	\$ (318,445)	\$ 41,510
FUND BALANCE, MAY 1		471,647	
<b>FUND BALANCE, APRIL 30</b>		\$ 153,202	

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
E-9111 FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Other taxes			
Telephone surcharge	\$ 25,000	-	\$ (25,000)
Intergovernmental			
Wireless surcharge	53,500	76,740	23,240
Investment income	30	3,636	3,606
Total revenues	78,530	80,376	1,846
<b>EXPENDITURES</b>			
Current			
Public safety	52,213	5,821	(46,392)
Miscellaneous			
Total expenditures	52,213	5,821	(46,392)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,317	74,555	48,238
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer (out)	-	(74,657)	(74,657)
NET CHANGE IN FUND BALANCE	\$ 26,317	\$ (102)	\$ (26,419)
FUND BALANCE, MAY 1		229,895	
<b>FUND BALANCE, APRIL 30</b>		\$ 229,793	

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
None	\$ -	\$ -	-
<b>EXPENDITURES</b>			
General government - financing costs	250	-	(250)
Debt service			
Principal	235,000	235,000	-
Interest	18,618	18,618	-
Total expenditures	253,868	253,618	(250)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(253,868)</b>	<b>(253,618)</b>	<b>250</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in from General Fund	253,618	253,618	-
Total other financing sources (uses)	253,618	253,618	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (250)</b>	<b>-</b>	<b>\$ 250</b>
FUND BALANCE, MAY 1		715	
<b>FUND BALANCE, APRIL 30</b>		<b>\$ 715</b>	

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Investment income	\$ 3,000	\$ 12,787	\$ 9,787
Total revenues	3,000	12,787	9,787
<b>EXPENDITURES</b>			
Capital outlay			
General government equipment	35,000	30,316	(4,684)
Public safety vehicles	37,000	47,076	10,076
Public works vehicles	95,000	-	(95,000)
Total expenditures	167,000	77,392	(89,608)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(164,000)</b>	<b>(64,605)</b>	<b>99,395</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	4,000	-	(4,000)
Transfers in from General Fund	299,000	284,000	(15,000)
Total other financing sources (uses)	303,000	284,000	(19,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 139,000</b>	<b>219,395</b>	<b>\$ 80,395</b>
FUND BALANCE, MAY 1		879,635	
<b>FUND BALANCE, APRIL 30</b>		<b>\$ 1,099,030</b>	

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Investment income	\$ -	\$ 1,030	\$ 1,030
Total revenues	-	1,030	1,030
<b>EXPENDITURES</b>			
Capital outlay	50,000	20,570	(29,430)
Infrastructure improvements	50,000	20,570	(29,430)
Total expenditures	(50,000)	(19,540)	30,460
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(12,335)	-	12,335
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(12,335)	-	12,335
Total other financing sources (uses)	\$ (62,335)	(19,540)	\$ 42,795
<b>NET CHANGE IN FUND BALANCE</b>		125,344	
FUND BALANCE, MAY 1		\$ 105,804	
<b>FUND BALANCE, APRIL 30</b>			

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.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>OPERATING REVENUES</b>			
Water sales	\$ 1,296,500	\$ 1,345,096	\$ 48,596
Meter sales	5,600	10,610	5,010
Tap-on fees	150	20,197	20,047
Water connection fees	25,000	-	(25,000)
Miscellaneous	500	587	87
Total operating revenues	1,327,750	1,376,490	48,740
<b>OPERATING EXPENSES</b>			
Administration and finance			
Personnel services	309,900	320,347	10,447
Contractual services/commodities	156,000	122,764	(33,236)
Contingency	50,000	3,870	(46,130)
Water purchases	647,700	627,108	(20,592)
Water infrastructure	125,000	39,250	(85,750)
Total operating expenses	1,288,600	1,113,339	(175,261)
<b>OPERATING INCOME</b>	39,150	263,151	224,001
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	2,500	8,381	5,881
Interest expense	(46,844)	(51,109)	(4,265)
Principal expense	(170,000)	(170,000)	-
Total non-operating revenues (expenses)	(214,344)	(212,728)	1,616
<b>CHANGE IN NET POSITION (BUDGETARY BASIS)</b>	\$ (175,194)	\$ 50,423	\$ 225,617
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Depreciation		(260,105)	
Principal expense		170,000	
Total adjustments to GAAP basis		(90,105)	
<b>CHANGE IN NET POSITION GAAP BASIS</b>			
NET POSITION, MAY 1		5,744,361	
<b>NET POSITION, APRIL 30</b>		\$ 5,704,679	

**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.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>ADDITIONS</b>			
Contributions			
Employer contributions	\$ 677,500	\$ 662,293	\$ (15,207)
Plan members contributions	138,820	131,595	(7,225)
Miscellaneous	-	6,410	6,410
Total contributions	816,320	800,298	(16,022)
Investment income			
Net appreciation in fair value of investments	150,000	342,996	192,996
Investment income	208,600	229,607	21,007
Total investment income	358,600	572,603	214,003
Less investment expense	(21,000)	(34,252)	(13,252)
Net investment income	337,600	538,351	200,751
Total additions	1,153,920	1,338,649	184,729
<b>DEDUCTIONS</b>			
Pension benefits and refunds	784,528	741,117	(43,411)
Administration			
Fees	9,725	3,318	(6,407)
Miscellaneous	-	5,664	5,664
Total deductions	794,253	750,099	(44,154)
NET INCREASE	\$ 359,667	\$ 588,550	\$ 228,883

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

May 1	9,519,974
April 30	<u>\$ 10,108,524</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 the Year Ended April 30, 2018

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%
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%
Total payments made		835,000	336,084	1,171,084		
Current Outstanding						
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		1,350,000	181,268	1,531,268		
<b>ORIGINAL ISSUE</b>		\$ 2,185,000	\$ 517,352	\$ 2,702,352		

(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, 2018

Paying Agent: Lake Forest Bank & Trust						
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%
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%
Total payments made		950,000	115,814	1,065,814		
Current Outstanding						
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		735,000	31,625	766,625		
<b>ORIGINAL ISSUE</b>		\$ 1,685,000	\$ 147,439	\$ 1,832,439		

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS  
NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Years	2009	2010	2011	2012
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 15,359,265	\$ 16,654,652	\$ 16,433,199	\$ 16,449,622
Restricted	2,037,230	1,587,832	1,497,653	1,580,539
Unrestricted	3,400,024	3,774,371	3,546,695	3,557,045
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 20,796,519</b>	<b>\$ 22,016,855</b>	<b>\$ 21,477,547</b>	<b>\$ 21,587,206</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 4,574,606	\$ 4,482,081	\$ 4,398,432	\$ 4,737,154
Unrestricted	1,902,188	1,735,068	1,672,417	1,348,074
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 6,476,794</b>	<b>\$ 6,217,149</b>	<b>\$ 6,070,849</b>	<b>\$ 6,085,228</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 19,933,871	\$ 21,136,733	\$ 20,831,631	\$ 21,186,776
Restricted	2,037,230	1,587,832	1,497,653	1,580,539
Unrestricted	5,302,212	5,509,439	5,219,112	4,905,119
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 27,273,313</b>	<b>\$ 28,234,004</b>	<b>\$ 27,548,396</b>	<b>\$ 27,672,434</b>

Data Source

The Village's CAFR

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

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.

Contents Page(s)

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.

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.

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.

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.

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

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VILLAGE OF LAKE BLUFF, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018
\$	16,664,503	\$ 18,244,636	\$ 18,167,834	\$ 18,084,663	\$ 18,014,940	\$ 19,395,852
	1,437,679	1,514,622	1,181,045	1,070,532	986,431	604,300
	3,887,725	4,204,894	5,331,453	(1,398,429)	(383,279)	177,609
\$	21,989,907	\$ 23,964,152	\$ 24,680,332	\$ 17,756,766	\$ 18,618,092	\$ 20,177,761
\$	4,693,695	\$ 4,654,897	\$ 4,597,438	\$ 4,567,272	\$ 4,510,315	\$ 4,722,897
	1,465,022	1,498,045	1,469,117	1,334,559	1,234,046	981,782
\$	6,158,717	\$ 6,152,942	\$ 6,066,555	\$ 5,901,831	\$ 5,744,361	\$ 5,704,679
\$	21,338,198	\$ 22,899,533	\$ 22,765,272	\$ 22,651,935	\$ 22,525,255	\$ 24,118,749
	1,437,679	1,514,622	1,181,045	1,070,532	986,431	604,300
	5,352,747	5,702,939	6,800,570	(63,870)	850,767	1,159,391
\$	28,148,624	\$ 30,117,094	\$ 30,746,887	\$ 23,638,597	\$ 24,362,453	\$ 25,882,440

	2009	2010	2011	2012
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 2,423,284	\$ 1,946,291	\$ 2,062,487	\$ 1,677,840
Public safety	3,856,962	4,027,882	4,085,025	4,105,315
Public works	3,449,586	3,174,664	3,249,937	2,985,744
Interest on long-term debt	173,693	119,692	104,143	88,316
Total governmental activities expenses	9,903,525	9,268,529	9,501,592	8,857,215
Business-type activities				
Water	1,172,971	1,336,637	1,327,218	1,218,425
Total business-type activities expenses	1,172,971	1,336,637	1,327,218	1,218,425
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 11,076,496</b>	<b>\$ 10,605,166</b>	<b>\$ 10,828,810</b>	<b>\$ 10,075,640</b>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services	\$ 968,602	\$ 859,253	\$ 794,571	\$ 849,175
General government	150,057	122,978	144,034	143,296
Police and fire	196,148	189,548	187,591	184,767
Public works	205,604	195,079	232,581	198,900
Operating grants and contributions	685,500	1,429,087	492,360	499,915
Total governmental activities program revenues	2,205,911	2,795,945	1,851,137	1,876,053
Business-type activities				
Charges for services	1,133,555	1,071,074	1,177,545	1,229,799
Water	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,133,555	1,071,074	1,177,545	1,229,799
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 3,339,466</b>	<b>\$ 3,867,019</b>	<b>\$ 3,028,682</b>	<b>\$ 3,105,852</b>
<b>NET REVENUE (EXPENSE)</b>				
Governmental activities	\$ (7,697,614)	\$ (6,472,584)	\$ (7,650,455)	\$ (6,981,162)
Business-type activities	(39,416)	(265,563)	(149,673)	11,374
<b>TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)</b>	<b>\$ (7,737,030)</b>	<b>\$ (6,738,147)</b>	<b>\$ (7,800,128)</b>	<b>\$ (6,969,788)</b>

VILLAGE OF LAKE BLUFF, ILLINOIS  
CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

	2009	2010	2011	2012
<b>Fiscal Year</b>				
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities				
Taxes	\$ 2,510,766	\$ 2,649,929	\$ 2,704,232	\$ 2,847,986
Property	666,049	582,343	575,692	-
Intergovernmental	599,663	501,369	514,714	470,404
Utility tax	344,701	324,565	297,137	290,084
Telecommunications tax	2,673,399	2,695,117	2,752,483	2,562,532
Sales	108,982	143,214	142,350	230,743
Other taxes	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	469,244
Shared income tax (1)	117,844	25,725	22,677	18,023
Investment income	146,681	257,932	101,862	201,805
Miscellaneous	26,838	-	-	-
Transfers	-	-	-	-
<b>Total governmental activities</b>	<b>7,194,913</b>	<b>7,180,194</b>	<b>7,111,147</b>	<b>7,090,821</b>
Business-type activities				
Investment income	19,639	5,462	2,941	2,572
Transfers	(26,828)	-	-	-
Miscellaneous	2,197	456	432	433
<b>Total business-type activities</b>	<b>(4,992)</b>	<b>5,918</b>	<b>3,373</b>	<b>3,005</b>
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ 7,189,921</b>	<b>\$ 7,186,112</b>	<b>\$ 7,114,520</b>	<b>\$ 7,093,826</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ (502,701)	\$ 707,610	\$ (539,308)	\$ 109,659
Business-type activities	(44,408)	(259,645)	(146,300)	14,379
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ (547,109)</b>	<b>\$ 447,965</b>	<b>\$ (685,608)</b>	<b>\$ 124,038</b>

(1) 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

	2013	2014	2015	2016	2017	2018
\$ 1,749,648	\$ 1,141,173	\$ 1,951,673	\$ 2,224,260	\$ 2,230,909	\$ 2,374,999	
4,208,309	4,445,493	4,684,816	4,695,096	4,676,962	4,844,675	
3,693,891	2,875,330	3,091,324	3,137,588	3,082,610	2,015,501	
61,496	43,904	38,059	35,963	33,663	29,924	
9,713,344	8,505,900	9,765,872	10,092,907	10,024,144	9,265,099	
1,388,909	1,335,190	1,316,349	1,433,214	1,440,634	1,424,553	
1,388,909	1,335,190	1,316,349	1,433,214	1,440,634	1,424,553	
\$ 11,102,253	\$ 9,841,090	\$ 11,082,221	\$ 11,526,121	\$ 11,464,778	\$ 10,689,652	
\$ 931,338	\$ 1,154,728	\$ 1,762,803	\$ 1,164,293	\$ 1,287,179	\$ 1,210,419	
139,005	178,582	186,057	156,255	134,359	95,830	
195,079	180,512	165,697	167,956	162,744	169,352	
187,962	201,765	218,883	174,456	175,776	174,013	
1,386,979	1,020,690	248,314	29,160	6,623	3,529	
2,840,363	2,736,277	2,581,754	1,692,120	1,766,681	1,653,143	
1,447,150	1,326,523	1,227,057	1,219,443	1,278,602	1,375,903	
1,326,523	-	-	52,700	-	-	
2,773,673	1,326,523	1,227,057	1,272,143	1,278,602	1,375,903	
\$ 5,614,036	\$ 4,062,800	\$ 3,808,811	\$ 2,964,263	\$ 3,045,283	\$ 3,029,046	
\$ (6,872,981)	\$ (5,769,623)	\$ (7,184,118)	\$ (8,400,787)	\$ (8,257,463)	\$ (7,611,956)	
1,384,764	(8,667)	(89,292)	(161,071)	(162,032)	(48,650)	
\$ (5,488,217)	\$ (5,778,290)	\$ (7,273,410)	\$ (8,561,858)	\$ (8,419,495)	\$ (7,660,606)	

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**CHARGES FOR SERVICES BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
<b>CHARGES FOR SERVICES</b>				
Governmental activities				
General government	\$ 990,091	\$ 859,253	\$ 819,525	\$ 849,175
Police and fire	172,938	162,147	169,083	172,238
Public works	1,042,882	1,774,545	862,529	854,640
Total governmental activities	2,205,911	2,795,945	1,851,137	1,876,053
Business-type activities				
Water and sewer	1,133,555	1,071,074	1,177,545	1,229,799
Total business-type activities	1,133,555	1,071,074	1,177,545	1,229,799
<b>TOTAL PRIMARY GOVERNMENT CHARGES FOR SERVICES</b>	<b>\$ 3,339,466</b>	<b>\$ 3,867,019</b>	<b>\$ 3,028,682</b>	<b>\$ 3,105,852</b>

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

Data Source

Village's CAFR

2013	2014	2015	2016	2017	2018
\$ 2,903,873	\$ 3,064,916	\$ 3,087,275	\$ 3,145,181	\$ 3,191,989	\$ 3,205,208
-	-	-	-	-	-
475,706	557,586	519,776	454,799	480,982	479,410
273,613	217,745	232,471	222,923	205,968	187,945
2,541,332	2,803,586	3,080,871	3,634,671	4,100,805	4,165,540
169,766	288,266	310,737	329,852	403,284	427,197
-	109,192	-	-	-	-
515,670	557,587	560,382	609,807	540,871	518,882
15,768	11,149	9,955	15,926	38,126	112,721
337,983	153,841	98,831	146,935	156,764	74,722
41,971	-	-	-	-	-
7,275,682	7,743,868	7,900,298	8,560,094	9,118,789	9,171,625
2,820	2,443	2,456	2,849	4,106	8,381
67,694	-	-	-	-	-
7,747	449	449	471	456	587
78,261	2,892	2,905	3,320	4,562	8,968
\$ 7,333,943	\$ 7,746,760	\$ 7,903,203	\$ 8,563,414	\$ 9,123,351	\$ 9,180,593
\$ 402,701	\$ 1,974,245	\$ 716,180	\$ 159,307	\$ 861,326	\$ 1,559,669
1,463,025	(5,775)	(86,387)	(157,751)	(157,470)	(39,682)
\$ 1,865,726	\$ 1,968,470	\$ 629,793	\$ 1,556	\$ 703,856	\$ 1,519,987

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

Fiscal Year	2013	2014	2015	2016	2017	2018
<b>GENERAL FUND</b>						
Reserved	\$ 931,338	\$ 1,154,728	\$ 1,762,803	\$ 1,164,293	\$ 1,287,179	\$ 1,210,419
Unreserved	333,005	212,784	212,112	184,349	165,102	123,743
Nonspendable	1,576,020	1,368,765	606,839	343,478	314,400	318,981
Restricted						
Unrestricted						
Assigned						
Unassigned	2,840,363	2,736,277	2,581,754	1,692,120	1,766,681	1,653,143
<b>TOTAL GENERAL FUND</b>	<b>\$ 4,447,150</b>	<b>\$ 4,062,800</b>	<b>\$ 3,808,811</b>	<b>\$ 2,964,263</b>	<b>\$ 3,045,283</b>	<b>\$ 3,029,046</b>
<b>ALL OTHER GOVERNMENT FUNDS</b>						
Reserved						
Unreserved, reported in						
Special revenue funds						
Capital project funds						
Debt service funds						
Nonspendable						
Restricted						
Unrestricted						
Assigned for debt service						
Assigned for capital outlay						
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>						
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 4,447,150</b>	<b>\$ 4,062,800</b>	<b>\$ 3,808,811</b>	<b>\$ 2,964,263</b>	<b>\$ 3,045,283</b>	<b>\$ 3,029,046</b>

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

Data Source

Village's CAFR

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years

Fiscal Year	2013	2014	2015	2016	2017	2018
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-
Other taxes	24,500	25,386	16,196	8,136	26,706	120,234
Licenses, fees and permits	3,047	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Intergovernmental	485,000	300,000	300,000	300,000	300,000	300,000
Sewer and other charge for service	4,147,263	4,719,985	5,836,621	6,452,092	7,616,840	6,297,337
Interest earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	\$ 4,659,810	\$ 5,045,371	\$ 6,152,817	\$ 6,760,228	\$ 7,943,546	\$ 6,717,571
EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	37,173	37,173
Principal	1,434,632	1,514,622	1,181,045	1,070,532	986,431	604,300
Interest	965	715	715	715	715	715
Total expenditures	375,339	392,910	516,138	702,587	893,481	3,108,475
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,810,936	\$ 1,908,247	\$ 1,697,898	\$ 1,773,834	\$ 1,917,800	\$ 3,750,663

Fiscal Year	2009	2010	2011	2012
REVENUES	\$ 2,510,766	\$ 2,649,929	\$ 2,704,232	\$ 2,847,986
Property taxes	4,378,506	4,234,619	4,272,360	3,542,130
Other taxes	840,006	709,643	631,367	695,370
Licenses, fees and permits	92,910	64,596	83,700	82,945
Fines and penalties	260,695	578,658	770,255	1,214,994
Intergovernmental	341,089	360,549	375,830	363,623
Sewer and other charge for service	117,844	25,725	22,677	18,023
Interest earnings	36,717	72,566	97,863	197,195
Miscellaneous	-	-	-	-
Total revenues	8,578,533	8,696,285	8,958,284	8,962,268
EXPENDITURES	2,454,769	1,879,896	2,014,495	1,726,514
General government	3,454,094	3,666,142	3,721,070	3,853,691
Public safety	2,160,920	2,742,566	2,407,391	2,397,227
Public works	1,351,899	20,474	533,206	443,737
Capital outlay	-	-	-	-
Debt service	372,126	370,119	378,246	213,023
Principal	135,881	120,731	105,394	89,452
Interest	-	-	-	-
Total expenditures	9,929,689	8,799,928	9,159,802	8,723,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,351,156)	(103,643)	(201,518)	238,624
OTHER FINANCING SOURCES (USES)	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Payment to escrow agent	109,963	185,364	4,000	4,606
Sale of capital assets	772,067	465,257	583,062	669,083
Transfers in	(745,239)	(465,257)	(583,062)	(669,083)
Transfers (out)	-	-	-	-
Total other financing sources (uses)	136,791	185,364	4,000	4,606
NET CHANGE IN FUND BALANCES	\$ (1,214,365)	\$ 81,721	\$ (197,518)	\$ 243,230
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	5.90%	5.73%	5.34%	3.68%

Data Source  
 Village's CAFR

	2013	2014	2015	2016	2017	2018
\$	2,903,873	3,064,916	3,087,275	3,145,181	3,191,989	3,205,208
	3,543,334	3,823,924	4,118,341	4,601,624	5,106,444	5,183,352
	734,119	1,003,721	1,613,933	987,443	1,106,173	1,028,629
	79,573	121,676	126,237	119,603	97,091	74,546
	2,148,209	1,833,251	1,081,677	873,278	807,905	773,164
	420,880	358,476	345,800	362,223	380,978	372,426
	15,768	11,149	9,955	15,926	38,126	112,721
	321,822	153,840	98,834	146,936	156,764	74,722
	10,167,578	10,370,953	10,482,052	10,252,214	10,885,470	10,824,768
	1,717,319	1,754,300	1,890,672	2,086,316	2,337,990	2,318,798
	4,149,454	4,337,422	4,486,147	4,131,867	4,137,894	4,416,302
	2,249,906	3,124,139	2,632,110	2,891,132	2,610,905	3,119,200
	1,627,237	555,921	411,200	217,959	227,204	109,962
	230,000	220,000	230,000	230,000	230,000	235,000
	79,168	33,850	25,863	23,793	21,493	18,618
	10,053,084	10,005,632	9,675,992	9,581,067	9,565,486	10,217,880
	114,494	365,321	806,060	671,147	1,319,984	606,888
	1,685,000	-	-	-	-	-
	(1,684,780)	-	-	-	-	-
	16,161	117,551	91,037	12,200	7,300	-
	710,630	402,016	681,863	512,793	644,009	2,612,275
	(710,630)	(402,016)	(681,863)	(512,793)	(644,009)	(2,612,275)
	16,381	117,551	91,037	12,200	7,300	-
\$	130,875	482,872	897,097	683,347	1,327,284	606,888
	3.34%	2.54%	3.31%	2.80%	2.77%	3.06%

**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
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	537,385	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
2017	3,191,989	3,141,100	959,706	480,982	205,968	-	403,284	8,383,029
2018	3,205,208	3,199,323	966,218	479,410	187,945	-	427,197	8,465,301

Notes:  
(1) Home rule sales tax was implemented effective January 1, 2006.  
(2) Income tax for FY2008 was reinstated 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 District Tax Rate	Estimated Assessed Taxable Value
2008	\$ 585,618,467	\$ 3,668,937	\$ 23,113,146	\$ 2,094,961	\$ 395,474	\$ 647,740,985	\$ 0.4140	\$ 1,943,417,297
2009	\$ 571,790,938	\$ 3,439,275	\$ 22,400,394	\$ 1,947,012	\$ 475,399	\$ 630,953,018	\$ 0.4320	\$ 1,893,048,359
2010	\$ 530,575,336	\$ 3,161,659	\$ 20,595,998	\$ 2,494,498	\$ 617,404	\$ 585,899,834	\$ 0.4900	\$ 1,757,875,290
2011	\$ 496,403,771	\$ 3,129,674	\$ 20,033,876	\$ 2,869,493	\$ 651,066	\$ 551,254,854	\$ 0.5320	\$ 1,653,930,255
2012	\$ 454,892,868	\$ 3,046,126	\$ 17,798,977	\$ 2,620,658	\$ 726,534	\$ 506,500,163	\$ 0.5980	\$ 1,519,652,454
2013	\$ 432,581,864	\$ 3,092,675	\$ 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
2016	\$ 498,698,346	\$ 33,521,365	\$ 16,409,355	\$ 4,713,634	\$ 1,186,366	\$ 554,529,066	\$ 0.5810	\$ 1,663,753,573
2017	\$ 515,595,702	\$ 35,155,293	\$ 17,054,102	\$ 4,944,314	\$ 1,194,448	\$ 573,943,859	\$ 0.5810	\$ 1,722,003,777

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value. Tax rates are per \$100 of qualified 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 Year	Village Direct Rates (1)										Overlapping Rate					Overlapping Rate (2)			
	Village Overall Rate	Village Sanctuary Rate	Lake Bluff Public Library	School District 15	High School District 15	College of Lake County SDS	Lake County	Forest Preserve	North Shore Sanitary	Shield's Township	Park District	Mosquito Abatement Agency	Central LC Water Agency	Rockland Fire Protection					
2008-09	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	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	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	0.490	0.438	0.134	2.208	1.101	0.218	0.505	0.198	0.156	0.062	0.363	0.011	0.045	0.558					
2012-13	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	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	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	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	0.614	0.552	0.170	2.745	1.469	0.299	0.662	0.208	0.166	0.070	0.504	0.015	0.054	0.715					
2017-18	0.581	0.522	0.162	2.612	1.329	0.285	0.632	0.193	0.157	0.067	0.481	0.014	0.046	0.683					

VILLAGE OF LAKE BLUFF, ILLINOIS  
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2018(1)				2009				Percentage of Total Village Taxable Assessed Valuation
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Rank	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Rank	
Knaus Motors Inc.	\$ 5,929,368	1	1.03%	1	\$ 6,805,821	1	1.05%	1	
Profile Plastics	2,617,612	2	0.46%	2	2,943,803	5	0.45%	5	
Carriage Way	2,491,564	3	0.43%	3	4,152,233	3	0.64%	3	
Cantera Investors LLC	2,390,184	4	0.42%	4	2,231,520	5	0.39%	5	
Trust #RX011643	2,331,520	5	0.39%	5	2,087,687	6	0.36%	6	
Individual Taxpayer/Sandner	2,087,687	6	0.36%	6	1,936,458	7	0.34%	7	
Buehler, Inc.	1,963,458	7	0.34%	7	1,659,349	9	0.29%	9	
Chicago Title and Trust	1,936,181	8	0.34%	8	1,616,571	10	0.28%	10	
Individual Taxpayer/Fiorentino	1,659,349	9	0.29%	9					
LFSC Leasing	1,616,571	10	0.28%	10					
Orren Pickett Builders					4,808,668	2	0.74%	2	
New England Builders					3,302,926	4	0.51%	4	
Individual Taxpayer					2,548,975	6	0.39%	6	
Carriage Point					2,272,954	7	0.35%	7	
Shepard Chevrolet					1,878,031	8	0.29%	8	
					\$ 24,923,494		4.34%	5.09%	

(1) The taxable assessed value is for 2017 (the most recent data available)

Data Source

Lake County Assessor

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 Church	Fire Protection	Garbage Disposal	IMRF	Pension	Police Protection	Social Security	Liability Insurance	Insurance			
2008-09	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	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	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	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	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	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	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	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	0.005	0.131	0.001	0.062	0.106	0.029	0.125	0.079	0.037	0.037	0.002	0.614		
2017-18	0.005	0.123	0.001	0.059	0.104	0.028	0.121	0.075	0.035	0.028	0.002	0.581		

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) Sundry subdivision residents pay to the Rockland Fire Protection District, but not to the Village's fire protection.

(2) Sundry subdivision residents pay to the Village's fire protection.

(3) Village Sundry subdivision rates are comprised of the nine components of this Village rate except it does not contain the Village Fire Protection rate.

VILLAGE OF LAKE BLUFF, ILLINOIS  
SALES TAX COLLECTED BY CATEGORY

Last Ten Calendar Years

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	\$ 3.21	\$ 2.65	\$ 2.65	\$ -	\$ -	\$ -	\$ -	\$ 123,713	\$ 261,951	\$ 287,216
Food	167,320	177,211	177,372	169,825	166,119	173,693	44,314	182,298	201,120	216,163
Drink, eat, rooms	36,965	46,341	69,693	62,630	65,408	66,478	73,666	112,189	154,340	136,833
Apparel	-	-	-	522	132	828	804	-	-	-
Furniture	6,831	4,336	7,862	8,932	11,142	9,090	11,692	18,094	22,933	23,156
Lumber, hardware	108,020	93,353	91,856	110,558	116,235	97,869	100,860	96,892	237,523	264,318
Auto, filling stations	1,546,659	1,379,588	1,411,289	1,401,864	1,331,895	1,629,396	1,812,126	1,921,886	1,905,315	1,909,245
Drugs, retail	133,329	130,460	127,314	53,000	56,018	49,974	28,319	22,705	32,826	30,354
Agriculture and all others	137,590	90,796	109,603	105,018	103,118	118,311	152,277	152,283	90,160	81,940
Manufacturing	31,982	20,778	32,920	15,747	(5,276)	5,177	9,553	11,293	10,379	9,061
TOTAL	\$ 2,169,017	\$ 1,942,928	\$ 2,028,174	\$ 1,928,096	\$ 1,844,701	\$ 2,149,816	\$ 2,233,611	\$ 2,641,563	\$ 2,916,547	\$ 2,958,286

VILLAGE DIRECT SALES  
TAX RATE

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source  
Illinois Department of Revenue

VILLAGE OF LAKE BLUFF, ILLINOIS  
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017(1)
General corporate	\$ 46,237	\$ 47,546	\$ 51,227	\$ 54,937	\$ 607,800	\$ 619,857	\$ 653,776	\$ 683,266	\$ 683,357	\$ 785,764
Police	306,585	314,356	326,802	340,021	379,625	392,253	400,000	410,003	415,004	419,002
Police protection	271,250	277,394	291,146	298,872	305,641	310,408	308,503	310,000	315,000	320,005
Sanitation	379,303	385,514	396,952	411,316	481,175	518,162	552,391	553,351	575,002	515,006
Auditing	32,144	32,148	23,350	27,421	25,255	29,086	28,004	28,002	25,004	25,000
Illinois insurance	27,146	27,146	27,146	27,146	27,146	27,146	27,146	27,146	27,146	27,146
Illinois municipal retirement	270,012	251,485	215,989	191,947	172,110	150,003	150,003	152,004	158,002	175,001
Police pension	417,876	431,811	490,352	548,421	557,150	605,329	640,603	650,103	672,505	709,785
Social security	289,299	289,207	274,364	241,305	197,335	179,177	190,005	195,703	196,004	200,002
Unemployment insurance	12,858	18,861	5,838	5,484	5,665	4,843	11,408	10,004	10,004	15,003
Total Village	2,649,929	2,704,232	2,847,997	2,903,871	3,014,816	3,094,923	3,149,694	3,193,439	3,210,884	3,298,073
Public library	771,464	779,602	782,229	800,695	835,235	852,394	873,918	886,050	897,123	921,478
LEVY AS EXTENDED	\$ 3,421,393	\$ 3,483,834	\$ 3,630,226	\$ 3,704,566	\$ 3,850,651	\$ 3,947,227	\$ 4,023,612	\$ 4,079,489	\$ 4,108,007	\$ 4,219,551
TOTAL COLLECTED	\$ 3,447,229	\$ 3,496,243	\$ 3,643,564	\$ 3,723,710	\$ 3,914,902	\$ 3,937,471	\$ 4,017,848	\$ 4,077,638	\$ -	\$ -

PERCENT COLLECTED	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rate	99.25%	99.65%	99.63%	99.49%	98.37%	99.75%	99.86%	99.85%	99.95%	0.00%

(1) The 2017 property tax levy collections are in the next fiscal year.

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
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%
2016	1.00%	1.00%	1.00%	5.00%	8.00%
2017	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*
	General Obligation Bonds	Bank Notes Payable	Water Revenue Bonds	Unamortized Premium	Revenue Bonds	Water Revenue Bonds		
2009	\$ 2,615,000	\$ 361,388	\$ 2,600,000	-	\$ 5,576,388	-	\$ 896	1.1%
2010	2,360,000	246,269	2,480,000	-	5,086,269	-	820	1.1%
2011	2,100,000	128,023	2,355,000	-	4,583,023	-	801	1.1%
2012	1,970,000	45,000	2,315,000	62,956	4,392,956	62,956	768	1.1%
2013	1,880,000	-	2,175,000	57,482	4,112,482	57,482	719	0.9%
2014	1,660,000	-	2,020,000	52,008	3,732,008	52,008	652	0.9%
2015	1,430,000	-	1,855,000	46,534	3,331,534	46,534	582	0.9%
2016	1,200,000	-	1,690,000	41,060	2,931,060	41,060	512	0.8%
2017	970,000	-	1,520,000	35,586	2,525,586	35,586	441	0.6%
2018	755,000	-	1,350,000	30,112	2,115,112	30,112	370	0.5%

\* 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 Property (1)	Per Capita (2)
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
2017	970,000	0.18%	169.52
2018	735,000	0.13%	128.45

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, 2018

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	\$ 2,085	100.00%	\$ 2,085
Overlapping debt (1)			
Lake Bluff Park District	6,060	88.37%	5,355
Lake Bluff School District 65	21,765	86.14%	18,748
Lake Forest-Lake Bluff High School District 115	29,390	18.44%	5,420
Central Lake County Joint Action Water Agency (CLCJAWA)	6,105	6.98%	426
North Shore Sanitary District	-	0.00%	-
Lake County Community College District 532	63,745	2.32%	1,479
Lake County	180,270	2.21%	3,984
Lake County Forest Preserve	255,895	2.21%	5,655
Other debt	-	0.00%	-
Lake County capital leases	-	0.00%	-
Lake County - other debt	-	-	-
Subtotal	563,230	-	41,067
<b>TOTAL</b>	<b>\$ 565,315</b>		<b>\$ 43,152</b>

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 \$735,000; however, the debt levies have been abated each year.

VILLAGE OF LAKE BLUFF, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

April 30, 2018

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 CAFR

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	
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	-	-	-
2017	1,279,058	-	-	-
2018	1,376,490	-	-	-

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
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%
2017	5,722	406,264	2.50%
2018	5,722	401,177	2.30%

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	2018		2009	
	Employees	Rank	Employees	Rank
Kiautz Motors, Inc	330	1	330	1
Liquid Controls Corp	160	2	160	2
Lake Bluff School District 65	142	3	142	3
Mariami Landscaping	133	4	133	4
Boehler, Inc	125	5	125	4
Heinen's	105	6	105	6
Proffle Plastics	60	7	60	7
Village of Lake Bluff	37	8	37	8
Lake Forest Sports Cars				
Chelsea & Scott, LTD	29	9	29	9
Charni Greenwch Industries				5
Shepard Chevrolet				7
Circuit Works				8
<b>TOTAL</b>	<b>1,121</b>		<b>1,121</b>	<b>10</b>

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

OPERATING INDICATORS

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
<b>GENERAL GOVERNMENT</b>				
Administration	18	23	23	23
Village board meetings	24	30	38	48
Other Board and commission meetings	4	5	5	4
Village newsletter mailings	487	550	663	700
Lake Bluff list serve subscribers				
Finance				
Accounts payable (in thousands)	\$ 7,013	\$ 5,622	\$ 6,273	\$ 6,965
Water and sewer invoices prepared	8,179	8,256	8,247	8,240
Engineering, Building and Zoning				
Residential building permits issued	418	323	378	455
Commercial building permits issued	18	14	60	9
Total Construction Value (in millions)	\$ 13,096	\$ 11,580	\$ 8,747	\$ 10,909
Zoning petitions	7	8	5	8

**PUBLIC SAFETY**

Police	10,322	11,208	11,457	11,744
Number of calls	88	66	82	101
Felony offenses	390	406	588	643
Misdemeanor offenses	195	210	173	193
Auto accident investigations				

Fire

Fire calls	34	41	44	43
Rescue/medical transported	227	250	250	205
Rescue/medical not transported	73	76	84	80

**PUBLIC WORKS**

General				
Streets patching (in tons)	64	38	20	42
Street cleaned - miles	813	813	614	1,114
Compacted household refuse collected	1,911	1,850	1,850	1,500
Curbside recycling collections (tons)	1,124	1,084	1,084	1,004
Cubic yards of leaves/yard waste collected	3,560	3,432	3,432	n/a
Parkway trees planted	50	42	22	20
Parkway grass trimmed (in acres)	329	305	300	300
Sanitary sewers cleaned (in linear feet)	80,000	79,821	48,853	4,975
Storm sewers cleaned (in linear feet)	3,837	3,474	n/a	2,450

Water

Main break repairs	9	5	7	13
JULIE utility locales	1,345	1,354	900	775

Data Source

Various village departments

VILLAGE OF LAKE BLUFF, ILLINOIS  
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GENERAL GOVERNMENT</b>										
Administrator's office	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50
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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.50
<b>PUBLIC SAFETY</b>										
Fire	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Secretary	17.00	15.00	15.00	14.00	15.00	15.00	15.00	15.00	15.00	15.00
Police	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Police sw on	-	-	-	-	-	-	-	-	-	-
Telecommunications dispatchers	-	-	-	-	-	-	-	-	-	-
Police records	-	-	-	-	-	-	-	-	-	-
<b>PUBLIC WORKS</b>										
Administration, street, sewer	10.00	8.00	6.00	6.00	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	-	-	-	-	-	-	-	0.50	0.50
Vehicle maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL</b>	<b>50.00</b>	<b>42.00</b>	<b>39.00</b>	<b>37.00</b>	<b>38.00</b>	<b>38.00</b>	<b>35.00</b>	<b>35.00</b>	<b>37.00</b>	<b>37.00</b>

Data Source:

Village budget



	2013	2014	2015	2016	2017	2018
	20	21	22	24	22	19
	33	37	56	70	64	87
	5	5	2	3	3	2
	700	700	871	950	1,072	1,270
\$	7,000	7,324	7,042	6,936	6,755	7,566
	8,235	8,295	8,269	8,334	8,317	8,179
	430	474	514	516	349	543
	36	74	63	10	52	24
\$	11,413	17,769	19,543	18,266	25,640	16,336
	8	5	7	6	6	10
	12,042	12,019	11,132	n/a	n/a	n/a
	116	79	117	n/a	n/a	n/a
	702	1,211	1,439	n/a	n/a	n/a
	140	147	152	n/a	n/a	n/a
	43	35	38	36	36	n/a
	210	206	221	216	216	n/a
	67	75	98	102	102	n/a
	10	10	7	7	13	6
	504	612	500	475	1,143	1,143
	1,978	1,500	1,420	1,482	-	n/a
	1,006	1,100	846	937	-	n/a
	n/a	4,612	5,200	4,500	n/a	n/a
	23	25	46	40	20	20
	300	300	300	300	300	300
	45,350	18,101	17,205	17,205	9,376	10,410
	4,500	1,065	1,200	1,200	4,563	2,200
	8	10	4	8	7	4
	800	775	850	825	1,656	1,734

VILLAGE OF LAKE BLUFF, ILLINOIS  
CAPITAL ASSET STATISTICS  
Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>PUBLIC SAFETY</b>										
Police										
Patrol units	8	8	8	8	8	8	8	8	8	8
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Engines	5.0	5.0	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
<b>PUBLIC WORKS</b>										
Streets (miles)	27.0	27.8	27.8	27.8	27.8	27.8	27.8	27.8	27.8	27.8
Sidewalks (miles)	20.6	25.9	26.0	26.0	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
<b>WATER - SANITARY SEWER</b>										
Fire hydrants	490	490	492	492	493	493	478	481	481	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
Water mains (miles)	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5
<b>Data Source:</b>										
Village budgets										

## APPENDIX B

### DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

1. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

2. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

3. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

4. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the bond registrar and request that copies of notices be provided directly to them.

5. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Village of Lake Bluff  
Lake County, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the President and Board of Trustees of the Village of Lake Bluff, Lake County, Illinois (the “*Village*”), passed preliminary to the issue by the Village of its fully registered General Obligation Bonds, Series 2019 (the “*Bonds*”), to the amount of \$\_\_\_\_\_, dated \_\_\_\_\_, 2019, due serially on December 15 of the years and in the amounts and bearing interest as follows:

2021	\$	%
2022		%
2023		%
2024		%
2025		%
2026		%
2027		%
2028		%
2029		%
2030		%
2031		%
2032		%
2033		%
2034		%

the Bonds due on or after December 15, 2028, being subject to redemption prior to maturity at the option of the Village as a whole or in part in any order of their maturity as determined by the Village (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 15, 2027, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the Village and is payable from any funds of the Village legally available for such purpose, and all taxable property in the Village is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the Village's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Failure to comply with certain of such Village covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the Village with respect to certain material facts within the Village's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**APPENDIX D**

**VILLAGE OF LAKE BLUFF  
LAKE COUNTY, ILLINOIS**

**EXCERPTS OF FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS  
RELATING TO THE VILLAGE'S PENSION PLANS**

**10. JOINT VENTURES (Continued)**

- b. Solid Waste Agency of Lake County (Continued)

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, 2018.

**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](http://www.imrf.org).

- a. Plan Descriptions

Illinois Municipal Retirement Fund

*Plan Administration*

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

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. 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.

**11. DEFINED BENEFIT PENSION PLANS**

- a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Plan Membership*

At December 31, 2017, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	31
Active employees	29
<b>TOTAL</b>	<b>102</b>

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

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

- 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 2017 and 2018 was 10.07% and 9.15% respectively of covered payroll.

*Actuarial Assumptions*

The Village's net pension liability (asset) was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Price inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value of assets

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

- a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the IMRF total pension liability (asset) was 7.50%. 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 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability (Asset)*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2017	\$ 13,228,060	\$ 12,441,779	\$ 786,281
Changes for the period			
Service cost	214,345	-	214,345
Interest	974,950	-	974,950
Difference between expected and actual experience	466,302	-	466,302
Changes in assumptions	(421,023)	-	(421,023)
Employer contributions	-	216,101	(216,101)
Employee contributions	-	96,570	(96,570)
Net investment income	-	2,187,221	(2,187,221)
Benefit payments and refunds	(671,788)	(671,788)	-
Other (net transfer)	-	(312,702)	312,702
Net changes	562,786	1,515,402	(952,616)
BALANCES AT DECEMBER 31, 2017	\$ 13,790,846	\$ 13,957,181	\$ (166,335)



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

11. DEFINED BENEFIT PENSION PLANS (Continued)

- 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 (asset) at January 1, 2017, the employer contributions and the net pension liability (asset) at December 31, 2017 was \$629,025, \$174,179 and \$(133,068), respectively. The Library's proportionate share of the net pension liability (asset) at January 1, 2017, the employer contributions and the net pension liability (asset) at December 31, 2017 was \$157,256, \$38,210 and \$(33,267), respectively.

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

For the year ended April 30, 2018, the Village recognized pension expense of \$298,011.

At April 30, 2018, the Village and the Library 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	\$ 269,313	\$ 135,444	\$ 133,869
Changes in assumptions	1,220	234,608	(233,388)
Net difference between projected and actual earnings on pension plan investments	294,036	818,740	(524,704)
Employer contributions after the measurement date	54,856	-	54,856
<b>TOTAL</b>	<b>\$ 619,425</b>	<b>\$ 1,188,792</b>	<b>\$ (569,367)</b>

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, 2018 was \$619,425. The Library's proportionate share of the deferred outflows of resources at April 30, 2018 was \$154,857. The Village's proportionate share of the deferred inflows of resources at April 30, 2018 was \$1,188,792. The Library's proportionate share of the deferred inflows of resources at April 30, 2018 was \$297,198.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

- a. Plan Descriptions (Continued)  
Illinois Municipal Retirement Fund (Continued)  
*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources* (Continued)

Changes in assumptions related to price inflation, salary increases, retirement age and mortality rates were made since the prior measurement date.

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:

Fiscal Year Ending April 30,	
2019	\$ (147,812)
2020	(86,856)
2021	(194,870)
2022	(204,685)
2023	-
Thereafter	-
<b>TOTAL</b>	<b>\$ (634,223)</b>

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village calculated using the discount rate of 7.50% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset) - village	\$ 1,212,328	\$ (133,068)	\$ (1,243,920)
Net pension liability (asset) - library	303,082	(33,267)	(310,980)
<b>Net pension liability (asset) - total</b>	<b>\$ 1,515,410</b>	<b>\$ (166,335)</b>	<b>\$ (1,554,900)</b>

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 President, 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, 2018, the Police Pension Plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>14</u>
TOTAL	<u>29</u>
Number of participating employers	<u>1</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 2.50% of such salary for each

11. DEFINED BENEFIT PENSION PLANS (Continued)

- a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided (Continued)*

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 1/2 of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% 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., 1/2% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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 1/2 of the change in the Consumer Price Index for the preceding 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 actually 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 23 years) as a level percent of payroll. For the year ended April 30, 2018, the Village's contribution was 45.81% of covered payroll.

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 investment grade or better. During the year ended April 30, 2018, the Board of Trustees approved changes to the investment policy.

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	27%	2.47%
Mid Cap Domestic Equity	3%	0.30%
Small Cap Domestic Equity	3%	0.31%
REITs	3%	0.24%
Non-US Developed Equity	16%	1.40%
Emerging Markets	8%	0.91%
Fixed Income	37%	1.78%
Cash and Cash Equivalents	3%	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 April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts.

*Investment Rate of Return*

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.61%. 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 The Illinois Funds hold more than 10% of the Fund's portfolio at any time. In addition, the following allocations are desired: depository accounts at 2% to 20%, fixed income securities at 35% to 80% and equity securities and mutual funds at 20% to 65%.

At April 30, 2018, 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.

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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)					Greater than 10
		Less than 1	1-5	6-10	10		
U.S. Treasury obligations	\$ 1,660,555	\$ 214,422	\$ 893,125	\$ 553,008	\$ -		
U.S. agency obligations	367,313	-	185,792	119,547	61,974		
Municipal bonds	128,200	-	128,200	-	-		
Corporate bonds	2,239,906	179,908	1,183,501	825,797	50,700		
TOTAL	\$ 4,395,974	\$ 394,330	\$ 2,390,618	\$ 1,498,352	\$ 112,674		

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.

The Fund has the following recurring fair value measurements as of April 30, 2018, The U.S. Treasury obligations and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, municipal bonds and the corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

*Credit Risk*

The Fund's policy to limit its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, is 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, 2018, municipal bonds held were rated Aa2 to Aa1. Corporate bonds held were rated between Baa3 to Aa1.

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 6.64%. 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 3.90% on long-term municipal bonds was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2017	\$ 17,631,876	\$ 9,519,974	\$ 8,111,902
Changes for the period			
Service cost	392,546	-	392,546
Interest	1,137,209	-	1,137,209
Difference between expected and actual experience	(747,339)	-	(747,339)
Changes in assumptions	605,477	-	605,477
Employer contributions	-	662,293	(662,293)
Employee contributions	-	131,595	(131,595)
Net investment income	-	591,512	(591,512)
Benefit payments and refunds	(741,117)	(741,117)	-
Administrative expense	(55,733)	(55,733)	-
Net changes	591,043	588,550	2,493
BALANCES AT APRIL 30, 2018	\$ 18,222,919	\$ 10,108,524	\$ 8,114,395

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, 2018  
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-2014 Mortality Table projected to 2018 with scale MP2017.

*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 6.64% 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 (5.64%) or 1 percentage point higher (7.64%) than the current rate:

	1% Decrease (5.64%)	Current Discount Rate (6.64%)	1% Increase (7.64%)
Net pension liability	\$ 10,982,054	\$ 8,114,395	\$ 5,801,429

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, 2018, the Village recognized police pension expense of \$242,225. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,087,801
Changes in assumption	1,156,084	-
Net difference between projected and actual earnings on pension plan investments	231,382	-
<b>TOTAL</b>	<b>\$ 1,387,466</b>	<b>\$ 1,087,801</b>

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:

Fiscal Year Ending April 30,	
2019	\$ 140,206
2020	140,206
2021	6,309
2022	38,385
2023	(15,809)
Thereafter	(9,632)
<b>TOTAL</b>	<b>\$ 299,665</b>

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 (most recent data available), membership consisted of:

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

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
2016	\$ 119,311	\$ 49,699	41.66%	\$ 899,632
2017	148,379	49,699	33.49%	998,312
2018	150,024	49,699	37.26%	1,098,637

The net OPEB obligation as of April 30, 2018 was calculated as follows:

Annual required contribution	\$ 133,385
Interest on net OPEB obligation	49,916
Adjustment to annual required contribution	(33,277)
Annual OPEB cost	150,024
Contributions made	49,699
Increase in net OPEB obligation	100,325
Net OPEB obligation, beginning of year	998,312
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<b>\$ 1,098,637</b>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2016 (most recent data available) 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 2.50% 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.

13. TAX ABATEMENT DISCLOSURE

The Village has entered into economic incentive agreements with commercial entities whereby the Village has agreed to reimburse the commercial entity for certain unique infrastructure costs incurred by the commercial entity through municipal shared sales tax and home rule sales tax rebates. The amount of the rebates is limited to \$4,200,000 (\$567,111 paid as of April 30, 2018) and are payable over ten years or until the commercial entity receives \$4,200,000 solely from sales taxes, generated by the commercial entity. The rebates are to be paid within 120 days after the sixth and twelfth month of each sales tax year. During the fiscal year ended April 30, 2017, approximately \$256,658 in sales taxes were rebated under these agreements. At April 30, 2018, the Village has accrued an estimated rebate liability of \$157,393 for amounts collected by the state and Village through April 30, 2018. The amounts to be reimbursed annually are limited to various percentages or maximum limits of shared sales taxes and home rule sales taxes generated by the commercial entity.

VILLAGE OF LAKE BLUFF, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLAN

For the Year Ended April 30, 2018

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAAL) (2) - (1)	(5) Covered Payroll	UAAAL as a Percentage of Covered Payroll (4) / (5)
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%
2017	N/A	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Other Postemployment Benefit Plan Obligation
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
2017	49,699	133,385	37.26%	998,312
2018	49,699	133,385	37.26%	1,098,637

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Fiscal Years

	FISCAL YEAR ENDED APRIL 30,	2016	2017	2018
Actuarially determined contribution	\$	180,218	\$ 167,935	\$ 174,179
Contributions in relation to the actuarially determined contribution		180,218	167,935	174,179
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	\$	-	\$ -	\$ -
Covered-employee payroll	\$	1,704,998	\$ 1,659,631	\$ 1,740,529
Contributions as a percentage of covered-employee payroll		10.57%	10.12%	10.01%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior calendar 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 and the amortization period was 26-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 20.00% corridor; and the significant actuarial assumptions were wage growth at 3.50% annually; price inflation of 2.75% annually; projected salary increases of 3.75% to 14.50%, annually, including inflation; and an investment rate of return of 7.50% annually.

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

(See independent auditor's report.)



VILLAGE OF LAKE BLUFF, ILLINOIS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 POLICE PENSION FUND

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018
Actuarially determined contribution	\$ 604,012	\$ 690,595	\$ 672,314	\$ 709,784
Contributions in relation to the actuarially determined contribution	610,228	645,381	656,614	662,293
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (6,216)</b>	<b>\$ 45,214</b>	<b>\$ 15,700</b>	<b>\$ 47,491</b>
Covered-employee payroll	\$ 1,251,993	\$ 1,312,723	\$ 1,315,934	\$ 1,341,302
Contributions as a percentage of covered-employee payroll	48.74%	49.16%	49.90%	49.38%

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 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 22 years to achieve 95.00% 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.

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

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS  
 SCHEDULE OF THE VILLAGES PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY (ASSET)  
 ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
Employer's proportion of net pension liability (asset)	80.00%	80.00%	80.00%
Employer's proportionate share of net pension liability (asset)	\$ 925,222	\$ 629,025	\$ (133,068)
Employer's covered-employee payroll	1,704,998	1,659,631	1,716,802
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.27%	37.90%	(7.75%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.16%	94.06%	101.21%

Notes to Required Supplementary Information

The investment rate of return used in the current year and 2016 is 7.50% while that used in 2015 was 7.49%. There was a change in assumptions related to price inflation, salary increases, retirement age and mortality rates made in the current year.

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

(See independent auditor's report.)

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

Last Four Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018
<b>TOTAL PENSION LIABILITY</b>	\$ 262,210	\$ 355,364	\$ 364,423	\$ 392,546
Service cost	1,090,096	1,042,461	1,088,816	1,137,209
Interest	(775,681)	(487,588)	(555,524)	(747,339)
Differences between expected and actual experience	360,214	605,477	605,477	605,477
Changes of assumptions	(71,609)	(769,893)	(805,612)	(741,117)
Benefit payments, including refunds of member contributions	-	(487,789)	(494,440)	(557,733)
Administrative expense	520,330	890,599	648,140	591,043
Net change in total pension liability	15,572,807	16,093,137	16,983,736	17,631,876
Total pension liability - beginning	\$ 16,093,137	\$ 16,983,736	\$ 17,631,876	\$ 18,222,919

Annual money-weighted rate of return, net of investment expense 5.48% (1.25%) 8.58% 5.61%

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

VILLAGE OF LAKE BLUFF, ILLINOIS  
SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND

Last Four Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018
<b>TOTAL PENSION LIABILITY</b>	\$ 262,210	\$ 355,364	\$ 364,423	\$ 392,546
Service cost	1,090,096	1,042,461	1,088,816	1,137,209
Interest	(775,681)	(487,588)	(555,524)	(747,339)
Differences between expected and actual experience	360,214	605,477	605,477	605,477
Changes of assumptions	(71,609)	(769,893)	(805,612)	(741,117)
Benefit payments, including refunds of member contributions	-	(487,789)	(494,440)	(557,733)
Administrative expense	520,330	890,599	648,140	591,043
Net change in total pension liability	15,572,807	16,093,137	16,983,736	17,631,876
Total pension liability - beginning	\$ 16,093,137	\$ 16,983,736	\$ 17,631,876	\$ 18,222,919
<b>TOTAL PENSION LIABILITY - ENDING</b>	\$ 31,665,944	\$ 33,076,873	\$ 34,620,612	\$ 35,854,795
<b>PLAN FIDUCIARY NET POSITION</b>	\$ 610,228	\$ 645,381	\$ 656,614	\$ 662,293
Contributions - employer	126,214	129,205	128,665	131,595
Contributions - member	418,503	(76,816)	737,822	591,512
Net investment income	(771,609)	(769,893)	(805,612)	(741,117)
Benefit payments, including refunds of member contributions	(7,200)	(487,789)	(11,052)	(557,733)
Administrative expense	376,136	(120,912)	706,437	588,550
Net change in plan fiduciary net position	8,558,313	8,934,449	8,813,537	9,519,974
Plan fiduciary net position - beginning	\$ 8,934,449	\$ 8,813,537	\$ 9,519,974	\$ 10,108,524
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	\$ 17,492,762	\$ 17,747,986	\$ 18,333,511	\$ 19,628,498
<b>EMPLOYER'S NET PENSION LIABILITY</b>	\$ 14,173,182	\$ 15,328,887	\$ 16,287,101	\$ 16,226,297
Plan fiduciary net position as a percentage of the total pension liability	55.52%	51.89%	53.99%	55.47%
Covered-employee payroll	\$ 1,251,993	\$ 1,312,723	\$ 1,315,934	\$ 1,341,302
Employer's net pension liability as a percentage of covered-employee payroll	571.78%	622.39%	616.44%	604.96%

There was a change in 2018 and 2017 with respect to actuarial assumptions from the prior years to reflect revised expectations with respect to the discount rate.

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

(See independent auditor's report.)

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	Special Revenue							Total Nonmajor Special Revenue Funds
	Illinois Municipal Retirement	Fire Department Special	Federal Social Security	Motor Fuel Tax	E-911			
Cash and investments	\$ 42,534	\$ 25,894	\$ 69,964	\$ 140,103	\$ 114,253	\$	\$ 392,748	
Receivables, net	-	-	-	-	-	-	-	
Property taxes	175,001	-	200,002	-	-	-	375,003	
Other taxes	-	-	-	13,099	-	-	13,099	
Accrued interest	-	-	-	-	-	-	-	
Accounts	614	-	-	-	78,367	-	78,981	
Prepaid items	-	-	-	-	371,173	-	371,173	
<b>TOTAL ASSETS</b>	<b>\$ 218,149</b>	<b>\$ 25,894</b>	<b>\$ 269,966</b>	<b>\$ 153,202</b>	<b>\$ 229,793</b>	<b>\$</b>	<b>\$ 897,004</b>	

ASSETS

**LIABILITIES, DEFERRED INFLOWS  
 OF RESOURCES AND FUND BALANCES**

**LIABILITIES**

Accounts payable  
 Advance from other funds  
 Total liabilities

**DEFERRED INFLOWS OF RESOURCES**

Unavailable property taxes  
 Total deferred inflows of resources  
 Total liabilities and deferred inflows of resources

**FUND BALANCES**

Nonspendable - prepaid items  
 Restricted for employee benefits  
 Restricted for public safety  
 Restricted for highways and streets  
 Restricted for debt service  
 Restricted for capital outlay  
 Unrestricted  
 Assigned for debt service  
 Assigned for capital outlay  
 Total fund balances

**TOTAL LIABILITIES, DEFERRED INFLOWS  
 OF RESOURCES AND FUND BALANCES**

\$ 218,149 \$ 25,894 \$ 269,966 \$ 153,202 \$ 229,793 \$ 897,004

**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.

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2018

		Capital Projects						Total
		2006/2012 General Obligation Bond	Special Service Area Capital Improvement	Vehicle/ Equipment Replacement	Redevelopment Program	Nonmajor Capital Projects	Nonmajor Special Revenue Funds	
\$	13,668	\$ 715	\$ 14,383	\$ 14,006	\$ 1,419,668	\$ 106,187	\$ 1,539,861	\$ 1,946,992
		-	-	-	-	-	-	375,003
		-	-	-	13,099	-	-	13,099
		-	-	36	-	-	36	36
		-	-	-	78,981	-	-	78,981
		-	-	-	-	-	-	37,173
\$	13,668	\$ 715	\$ 14,383	\$ 14,006	\$ 1,419,704	\$ 106,187	\$ 1,539,897	\$ 2,451,284

		Debt Service		Total
		2006/2012 General Obligation Bond	Special Service Area Capital Improvement	
\$	13,668	\$ 715	\$ 14,383	\$ 1,539,897
		-	-	2,366
		-	-	318,691
		-	-	321,057
		-	-	375,003
		-	-	375,003
		-	-	696,060
		-	-	37,173
		-	-	113,112
		-	-	218,514
		-	-	153,202
	13,668	-	-	13,668
		-	-	105,804
		-	-	105,804
		-	-	715
		-	-	1,113,036
		-	-	1,113,036
		-	-	1,218,840
\$	13,668	\$ 715	\$ 14,383	\$ 1,539,897
		-	-	2,451,284

	Special Revenue						Total
	Illinois Municipal Retirement	Fire Department Special	Federal Social Security	Motor Fuel Tax	E-911	Nonmajor Special Revenue Funds	
REVENUES	\$ 157,723	\$ -	\$ 195,657	\$ -	\$ -	\$ -	\$ 353,380
Property taxes	4,316	-	5,180	-	-	-	9,496
Other taxes	-	27,913	-	146,100	76,740	-	250,753
Intergovernmental	-	11	1,434	4,844	3,636	-	10,803
Investment income	878	(433)	-	-	-	-	(433)
Miscellaneous	-	-	-	-	-	-	-
Total revenues	162,917	27,491	202,271	150,944	80,376	-	623,999
EXPENDITURES							
Current							
General government	86,565	-	60,837	-	-	-	147,402
Public safety	18,798	41,204	142,025	-	5,821	-	207,848
Public works	47,765	-	39,685	469,389	-	-	556,839
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	153,128	41,204	242,547	469,389	5,821	-	912,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,789	(13,713)	(40,276)	(318,445)	74,555	-	(288,090)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(74,657)	-	(74,657)
Total other financing sources (uses)	-	-	-	-	(74,657)	-	(74,657)
NET CHANGE IN FUND BALANCES	9,789	(13,713)	(40,276)	(318,445)	(102)	-	(362,747)
FUND BALANCES, MAY 1	33,359	39,607	110,240	471,647	229,895	-	884,748
FUND BALANCES, APRIL 30	\$ 43,148	\$ 25,894	\$ 69,964	\$ 153,202	\$ 229,793	\$ -	\$ 522,001

(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, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>			
Property taxes	\$ 152,000	\$ 157,723	\$ 5,723
Other taxes			
Replacement taxes	4,000	4,316	316
Investment income	60	878	818
Total revenues	156,060	162,917	6,857
<b>EXPENDITURES</b>			
Current			
General government			
Employer contributions	87,849	86,565	(1,284)
Public safety			
Employer contributions	20,764	18,798	(1,966)
Public works			
Employer contributions	54,213	47,765	(6,448)
Total expenditures	162,826	153,128	(9,698)
NET CHANGE IN FUND BALANCE	\$ (6,766)	\$ 9,789	\$ 16,555
FUND BALANCE, MAY 1		33,359	
<b>FUND BALANCE, APRIL 30</b>		\$ 43,148	

Debt Service	Capital Projects						Total
	2006/2012 General Obligation Bond	Total Nonmajor Debt Service Funds	Special Service Area Capital Improvement	Vehicle/ Equipment Replacement	Redevelopment Program	Nonmajor Capital Projects Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,380
-	-	-	-	-	-	-	9,496
-	-	-	-	-	-	-	250,753
156	156	160	12,787	1,030	13,977	-	24,936
-	-	-	-	-	-	-	(433)
156	156	160	12,787	1,030	13,977	-	638,132
-	-	-	-	-	-	-	147,402
-	-	-	-	-	-	-	207,848
-	-	-	-	-	-	-	556,839
-	235,000	235,000	-	-	-	-	235,000
-	18,618	18,618	-	-	-	-	18,618
-	-	-	77,392	20,570	97,962	-	97,962
-	253,618	253,618	-	77,392	20,570	97,962	1,263,669
156	(253,618)	(253,462)	160	(64,605)	(19,540)	(83,985)	(625,537)
-	253,618	253,618	-	284,000	-	284,000	537,618
-	-	-	-	-	-	-	(74,657)
-	253,618	253,618	-	284,000	-	284,000	462,961
156	-	156	160	219,395	(19,540)	200,015	(162,576)
13,512	715	14,227	13,846	879,635	125,344	1,018,825	1,917,800
\$ 13,668	\$ 715	\$ 14,383	\$ 14,006	\$ 1,099,030	\$ 105,804	\$ 1,218,840	\$ 1,755,224

(See independent auditor's report.)

(See independent auditor's report.)

VILLAGE OF LAKE BLUFF, ILLINOIS

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

For Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>ADDITIONS</b>			
Contributions			
Employer contributions	\$ 677,500	\$ 662,293	\$ (15,207)
Plan members contributions	138,820	131,595	(7,225)
Miscellaneous	-	6,410	6,410
Total contributions	816,320	800,298	(16,022)
Investment income			
Net appreciation in fair value of investments	150,000	342,996	192,996
Investment income	208,600	229,607	21,007
Total investment income	358,600	572,603	214,003
Less investment expense	(21,000)	(34,252)	(13,252)
Net investment income	337,600	538,351	200,751
Total additions	1,153,920	1,338,649	184,729
<b>DEDUCTIONS</b>			
Pension benefits and refunds	784,528	741,117	(43,411)
Administration			
Fees	9,725	3,318	(6,407)
Miscellaneous	-	5,664	5,664
Total deductions	794,253	750,099	(44,154)
NET INCREASE	\$ 359,667	\$ 588,550	\$ 228,883
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
May 1		9,519,974	
April 30		\$ 10,108,524	

**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.

(See independent auditor's report.)

# OFFICIAL BID FORM

(Open Speer Auction)

Village of Lake Bluff  
40 East Center Avenue  
Lake Bluff, Illinois 60044

June 24, 2019  
Speer Financial, Inc.

President and Village Board Members:

For the \$1,910,000\* General Obligation Bonds, Series 2019, of the Village of Lake Bluff, Lake County, Illinois, as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, we will pay you \$ \_\_\_\_\_ (no less than \$1,894,720). The Bonds are dated the date of delivery, expected to be on or about July 11, 2019. The Bonds will bear interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). **The premium or discount, if any, is subject to adjustment allowing the same \$ \_\_\_\_\_ gross spread per \$1,000 bond as bid herein.**

### MATURITIES\* - DECEMBER 15

\$ 45,000 .....	2021	\$160,000 .....	2028
45,000 .....	2022	165,000 .....	2029
50,000 .....	2023	170,000 .....	2030
50,000 .....	2024	175,000 .....	2031
145,000 .....	2025	195,000 .....	2032
150,000 .....	2026	200,000 .....	2033
155,000 .....	2027	205,000 .....	2034

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois. The Village will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the Village's good faith bank and under the terms provided in the Official Notice of Sale for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the order of the Treasurer of the Village in the amount of the Deposit under the terms provided in the Official Notice of Sale for the Bonds.

**Form of Deposit (Check One)**

Prior to Bid Opening:  
Certified/Cashier's Check   
Wire Transfer

Within TWO hours of Bidding:  
Wire Transfer

Amount: \$38,200

**Account Manager Information**

Name \_\_\_\_\_  
Address \_\_\_\_\_  
By \_\_\_\_\_  
City \_\_\_\_\_ State/Zip \_\_\_\_\_  
Direct Phone (\_\_\_\_) \_\_\_\_\_  
FAX Number (\_\_\_\_) \_\_\_\_\_  
E-Mail Address \_\_\_\_\_

**Bidders Option Insurance**

<p><b>We have purchased insurance from:</b></p> <p><b><u>Name of Insurer</u></b> <i>(Please fill in)</i></p> <p>_____</p> <p><b>Premium:</b> _____</p> <p><b>Maturities: (Check One)</b></p> <p><input type="checkbox"/> _____ Years</p> <p><input type="checkbox"/> All</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The foregoing bid was accepted and the Bonds sold by ordinance of the Village on June 24, 2019, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

VILLAGE OF LAKE BLUFF, LAKE COUNTY, ILLINOIS

\*Subject to change.

\_\_\_\_\_  
President

----- **NOT PART OF THE BID** -----  
(Calculation of true interest cost)

	Bid	Post Sale Revision
Gross Interest	\$	
Less Premium/Plus Discount	\$	
True Interest Cost	\$	
True Interest Rate	%	
TOTAL BOND YEARS	20,095.53 Years	
AVERAGE LIFE	10.521 Years	

## OFFICIAL NOTICE OF SALE

**\$1,910,000\***

### **VILLAGE OF LAKE BLUFF Lake County, Illinois General Obligation Bonds, Series 2019**

*(Open Speer Auction)*

The Village of Lake Bluff, Lake County, Illinois (the "Village"), will receive electronic bids on the SpeerAuction ("*SpeerAuction*") website address "www.SpeerAuction.com" for its \$1,910,000\* General Obligation Bonds, Series 2019 (the "Bonds"), on an all or none basis between 10:30 A.M. and 10:45 A.M., C.D.T., Monday, June 24, 2019. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the Village's sale (as described below). Award will be made or all bids rejected at a meeting of the Village on that date. The Village reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds are valid and legally binding upon the Village and are payable from any funds of the Village legally available for such purpose, and all taxable property of the Village is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

#### **Bidding Details**

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

- (1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the Village shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.
- (2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.
- (3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.
- (4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)
- (6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

#### **Rules of SpeerAuction**

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

#### **Establishment of Issue Price**

- (a) The winning bidder shall assist the Village in establishing the issue price of the Bonds and shall execute and deliver to the Village at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Village and Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"). All actions to be taken by the Village under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Village by the Village's municipal advisor and any notice or report to be provided to the Village may be provided to Speer Financial, Inc., Chicago, Illinois ("*Speer*").



- (b) The Village intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:
- (i) the Village shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
  - (ii) all bidders shall have an equal opportunity to bid;
  - (iii) the Village may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  - (iv) the Village anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the Village shall so advise the winning bidder. **The Village will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Bonds are awarded.

- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

The Village shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the Village if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Village the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the purchaser shall provide the Village with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The Village may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the Village if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Village shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the Village determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “initial offering price”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The Village acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Village further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
- (i) “Public” means any person other than an Underwriter or a Related Party,
  - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Village (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the Village to the winning bidder.

## Rules

- (1) A bidder (“Bidder”) submitting a winning bid (“Winning Bid”) is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the Village, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the Village.
- (2) Neither the Village, Speer Financial, Inc., nor Grant Street Group (the “Auction Administrator”) is responsible for technical difficulties that result in loss of Bidder’s internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the Village exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.
- (6) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Official Statement as they appear on SpeerAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder’s SpeerAuction password.
- (9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.
- (10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the Village. If, for any reason, the Village fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the Village, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The Village reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the Village reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such bond is registered at the close of business on the first day of the month in which an interest payment date occurs. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. Semiannual interest is due June 15 and December 15 of each year commencing June 15, 2020, and is payable by Zions Bancorporation, National Association, Chicago, Illinois (the “Bond Registrar”). The Bonds are dated July 11, 2019.

If the winning bidder is not a direct participant of DTC and does not have clearing privileges with DTC, the Bonds will be issued as Registered Bonds in the name of the purchaser. At the request of such winning bidder, the Village will assist in the timely conversion of the Registered Bonds into book-entry bonds with DTC as described herein.

**MATURITIES\* – DECEMBER 15**

\$ 45,000 .....	2021	\$160,000 .....	2028
45,000 .....	2022	165,000 .....	2029
50,000 .....	2023	170,000 .....	2030
50,000 .....	2024	175,000 .....	2031
145,000 .....	2025	195,000 .....	2032
150,000 .....	2026	200,000 .....	2033
155,000 .....	2027	205,000 .....	2034

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

Bonds due December 15, 2021-December 15, 2027, inclusive, are not subject to optional redemption. Bonds due December 15, 2028-December 15, 2034, inclusive, are callable in whole or in part on any date on or after December 15, 2027, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the Village and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The differential between the highest rate bid and the lowest rate bid shall not exceed three percent (3%). All bids must be for all of the Bonds, must be for not less than \$1,894,720.

**Award of the Bonds:** The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the Village as determined by the Village’s Municipal Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the Village reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

**The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per \$1,000 bond as submitted on the Official Bid Form. The dollar amount of profit must be written on the Official Bid Form for any adjustment to be allowed and is subject to verification.**

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the Village’s Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The Village or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association (“SIFMA”) will be required to pay SIFMA’s standard charge per bond.

The winning bidder is required to wire transfer from a solvent bank or trust company to the Village’s good faith bank the amount of **TWO PERCENT OF PAR** (the “Deposit”) **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier’s check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the Village. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder’s federal wire reference number has been received. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

The Deposit of the successful bidder will be retained by the Village pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the Village caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago  
Corporate Trust  
30 North LaSalle Street  
38th Floor  
Chicago, IL 60602  
ABA # 071003405  
Credit To: 3281 Speer Bidding Escrow  
RE: Village of Lake Bluff, Lake County, Illinois bid for  
\$1,910,000\* General Obligation Bonds, Series 2019

Contemporaneously with such wire transfer, the bidder shall send an email to [biddingscrow@aboc.com](mailto:biddingscrow@aboc.com) with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The Village and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. (“Speer”) shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the Village; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The Village covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the Village for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. Because at the time of delivery of the Bonds the Village will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds, the Village is required to provide to the Municipal Securities Rulemaking Board (the “MSRB”), as specified in the Rule, annual financial information or operating data regarding the Village which annual financial information and operating data shall include, at a minimum, that annual financial information and operating data which is customarily prepared by the Village and is publicly available. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The winning bidder shall provide a certificate, in form as drafted by or acceptable to Bond Counsel, to evidence the issue price of each maturity of the Bonds, form of which certificate is available upon request.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Village in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the Village in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about July 11, 2019. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the Village except failure of performance by the purchaser, the Village may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Village, shall constitute a “Final Official Statement” of the Village with respect to the Bonds, as that term is defined in the Rule. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda. By awarding the Bonds to any underwriter or underwriting syndicate, the Village agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 50 copies of the Final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The Village shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Village it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The Village will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for bond counsel's opinion. At the time of closing, the Village will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Chapman and Cutler LLP, Chicago, Illinois, that the Bonds are lawful and enforceable obligations of the Village in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the Village.

The Village intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Village has authorized the printing and distribution of an Official Statement containing pertinent information relative to the Village and the Bonds. Copies of such Official Statement or additional information may be obtained from Drew Irvin, Village Administrator, Village of Lake Bluff, 40 East Center Avenue, Lake Bluff, Illinois 60044 or an electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Debt Auction Center/Competitive Sales Calendar" from the Municipal Advisor to the Village, Speer Financial, Inc., One North LaSalle Street, Suite 4100, Chicago, Illinois 60602, telephone (312) 346-3700.

/s/ **KATHLEEN O'HARA**  
*President*  
Village of Lake Bluff  
Lake County, Illinois

/s/ **BETTINA O'CONNELL**  
*Director of Finance*  
Village of Lake Bluff  
Lake County, Illinois

**Exhibit A**  
**Example Issue Price Certificate**

**CERTIFICATE OF PURCHASER**

The undersigned, on behalf of \_\_\_\_\_ (the “*Purchaser*”), hereby certifies as set forth below with respect to the sale and issuance of the \$\_\_\_\_\_ General Obligation Bonds, Series 2019 (the “*Bonds*”), of the Village of Lake Bluff, Lake County, Illinois (the “*Village*”).

I. GENERAL

On the Sale Date, the Purchaser purchased the Bonds from the Village by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the Village. The Purchaser has not modified the terms of the purchase since the Sale Date.

II. PRICE

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Exhibit A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Exhibit B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A*.

**3 Bids Not Received: 10% Test Applies**

[3. With respect to each of the \_\_\_\_\_ Maturities of the Bonds.

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Exhibit A* (the “*Expected First Sale Price*”).]

**3 Bids Not Received: Hold-the-Offering-Price Rule Applies**

[3. Hold-the-Offering-Price Maturities.

(a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Exhibit A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Exhibit C*.

(b) As set forth in the Official Notice of Sale and bid award, the Purchaser agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-the-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule.

(c) No Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.]

#### 4. Defined Terms.

[(a) “*General Rule Maturities*” means those Maturities of the Bonds not listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”

(b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”

(c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (said fifth business day being \_\_\_\_\_, 2019), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(f) A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2019.

(h) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Village (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).



The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Village with respect to certain of the representations and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, in connection with rendering its opinion concerning interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Village from time to time relating to the Bonds.

IN WITNESS WHEREOF, I hereunto affix my signature, this \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_  
\_\_\_\_\_