

Village of Bolingbrook, Illinois

Annual Financial Report

April 30, 2017

VILLAGE OF BOLINGBROOK, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

The Honorable Mayor
Board of Trustees
Village of Bolingbrook, Illinois
Bolingbrook, 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 Bolingbrook, Illinois as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 Bolingbrook, Illinois as of April 30, 2017, 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.

Emphasis of Matters

As disclosed in Note 14, the 2016 financial statements have been restated to correct for a misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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 of Bolingbrook, Illinois' basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

The Honorable Mayor
Board of Trustees
Village of Bolingbrook, Illinois
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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 financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BKD, LLP

Oakbrook Terrace, Illinois
December 12, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Bolingbrook, Illinois
Management's Discussion and Analysis
April 30, 2017

As management of the Village of Bolingbrook ("Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2017. This narrative is intended to provide the reader a better understanding of the accompanying financial statements. It also highlights several important aspects of the Village's financial condition and reviews the relationship between the types of financial statements presented.

Financial Highlights

- The assets and deferred outflows of the Village exceeded its liabilities and deferred inflows at April 30, 2017, resulting in a total net position of \$248,913,764.
- The Village's total net position decreased by \$11,300,671 during the fiscal year. This includes a restatement of \$2,140,604 due to the correction in the balance and valuation of the land held for resale in the Business-type Activities and Americana Estates Fund's net positions. Governmental net position decreased by \$9,422,271 and business-type net position decreased by \$1,878,400.
- The Village's governmental funds reported combined ending fund balances of \$102,533,279, a decrease of \$495,246, or .5%, as compared with the prior year.
- As of April 30, 2017, unassigned fund balance in the General Fund was \$30,667,057, or 44.3%, of total General Fund expenditures. General Fund cash and investments totaled \$31,995,931, or 46.2%, of total General Fund expenditures.

REPORT STRUCTURE

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the Village's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. This statement combines and consolidates the Village's current financial resources (short-term, spendable resources) with capital assets and long-term obligations using the accrual basis of accounting which maintains its measurement focus on economic resources rather than spendable financial resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *Statement of Activities* presents information showing how the Village's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The Statement of Activities also reports the extent to which various expenses for

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April 30, 2017

governmental or business-type functions are dependent upon user charges, grant sources, or general tax and other revenues.

Both of the government-wide financial statements differentiate functions of the Village which are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions which are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, sanitation, culture and recreation and economic development. The business-type activities of the Village include water and sewer services, airport and the westside regional stormwater activities.

Excluded from the government-wide financial statements are fiduciary funds, such as the Village's Police and Firefighters' Pension Funds and agency fund. Fiduciary funds are used to report net assets held in a trustee or agency capacity for others and therefore cannot be used to support Village services.

The government-wide financial statements can be found on pages 17 through 20 of this report.

Fund Financial Statements

A *fund* is a group of accounts used to maintain control over resources that have been segregated for specific purposes. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Village-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds account for those activities primarily supported by user fees. The Village maintains two types of proprietary funds (*enterprise funds and internal service funds*). Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements and use the economic measurement focus and accrual basis of accounting. The Village's proprietary funds are the Waterworks and Sewage Fund, Airport and Westside Regional Stormwater Fund. The Golf Course and Americana Estates Funds were consolidated into one fund, the Westside

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Regional Stormwater Fund, in the current fiscal year. Please see note 1B for more details on the Westside Regional Stormwater Fund. The internal service fund accounts for the Village's Medical Insurance, Workers' Compensation and Retiree Funds activity.

Fiduciary funds account for financial resources held for the benefit of parties outside the Village, such as the Village's Police and Firefighters' Pension Funds and Weber Road TIF agency fund. The accounting used for fiduciary funds is similar to that used by proprietary funds.

The fund financial statements begin on page 21.

Notes to the Financial Statements

The notes to the financial statements provide information necessary for the full understanding of the statements and begin on page 30.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also includes certain *required supplementary information* and can be found starting on page 87. Other supplemental information may also be found beginning on page 104 .

**Village of Bolingbrook, Illinois
Management's Discussion and Analysis
April 30, 2017**

CONDENSED FINANCIAL INFORMATION AND ANALYSIS

Government-wide Financial Analysis

**Village of Bolingbrook's Statement of Net Position
April 30, 2017 and 2016
(in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 123.4	120.4	11.5	14.0	134.9	134.4
Capital Assets	303.3	307.6	186.8	186.9	490.1	494.5
Total assets	426.7	428.0	198.3	200.9	625.0	628.9
Deferred Outflows of Resources	27.0	25.5	0.4	0.5	27.4	26.0
Total assets and deferred outflows of resources	453.7	453.5	198.7	201.4	652.4	654.9
Current Liabilities	27.3	25.0	2.3	3.0	29.6	28.0
Noncurrent Liabilities	347.0	351.1	1.0	1.1	348.0	352.2
Total liabilities	374.3	376.1	3.3	4.1	377.6	380.2
Deferred Inflows of Resources	25.8	14.4	0.1		25.9	14.4
Total liabilities and deferred inflows of resources	400.1	390.5	3.4	4.1	403.5	394.6
Net Position						
Net Investment in Capital Assets	101.8	108.0	186.6	186.6	288.4	294.6
Restricted	26.5	29.9			26.5	29.9
Unrestricted	(74.7)	(74.9)	8.7	10.7	(66.0)	(64.2)
Total net position	\$ 53.6	63.0	195.3	197.3	248.9	260.3

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term liabilities.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in the investment in capital assets and an increase in related net debt which will not change the net investment in capital assets (net of debt).

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Spending on Nonborrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase the net investment in capital assets.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term liabilities and (b) reduce unrestricted net position and increase the net investment in capital assets.

Reduction of Capital Assets Through Depreciation – which will reduce capital assets and the net investment in capital assets.

Current Year Impacts

The Village's assets and deferred outflows exceeded its liabilities and deferred inflows by \$248.9 million as of April 30, 2017. The Village's net investment in capital assets was \$288.4 million, which includes related debt and depreciation. Restricted net position totals \$26.25 million and includes amounts that are subject to external constraints. Unrestricted net position was negative \$66 million due to the implementation of GASB 68 in the prior year and the inclusion of \$110.4 million in net pension liability. The net pension liability includes \$57 million for the Village's police pension plan, \$46.9 million for the Village's firefighters' pension plan and \$6.5 million for the Village's participation in the Illinois Municipal Retirement Fund.

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The following table represents a condensed summary of Changes in Net Position as of April 30, 2017 and 2016:

Village of Bolingbrook's Change in Net Position
For the Years Ended April 30, 2017 and 2016
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues						
Charges for Services	\$ 9.9	11.1	13.3	14.7	23.2	25.8
Operating Grants and Contributions	2.0	2.2			2.0	2.2
Capital grants and Contributions	3.0	1.6	3.7	5.7	6.7	7.3
General Revenues						
Property Taxes	20.3	19.4			20.3	19.4
Other Taxes	56.1	56.7			56.1	56.7
Others	0.9	0.8	-	0.1	0.9	0.9
Total revenues	<u>92.2</u>	<u>91.8</u>	<u>17.0</u>	<u>20.5</u>	<u>109.2</u>	<u>112.3</u>
Expenses						
General Government	11.3	9.1			11.3	9.1
Public Safety	48.0	47.7			48.0	47.7
Public Works	16.2	16.9			16.2	16.9
Sanitation Capital Projects	5.5	5.5			5.5	5.5
Culture and Recreation	4.0	4.1			4.0	4.1
Economic Development	5.0	4.8			5.0	4.8
Interest on Long-Term Debt	11.2	10.6			11.2	10.6
Water and Sewer			7.2	7.1	7.2	7.1
Westside Regional Stormwater			9.3	9.1	9.3	9.1
Airport			0.7	0.5	0.7	0.5
Total expenses	<u>101.2</u>	<u>98.7</u>	<u>17.2</u>	<u>16.7</u>	<u>118.4</u>	<u>115.4</u>
Increase (Decrease) in Net Position						
Before Transfers	(9.0)	(6.9)	(0.2)	3.8	(9.2)	(3.1)
Transfers	(0.4)	(0.5)	0.4	0.5		
Increase (Decrease) in Net Position	<u>(9.4)</u>	<u>(7.4)</u>	<u>0.2</u>	<u>4.3</u>	<u>(9.2)</u>	<u>(3.1)</u>
Net Position						
Beginning, as Originally Reported	63.0	151.5	197.3	193.2	260.3	344.7
Restatement		(81.1)	(2.2)	(0.2)	(2.2)	(81.3)
Beginning, as Restated	<u>63.0</u>	<u>70.4</u>	<u>195.1</u>	<u>193.0</u>	<u>258.1</u>	<u>263.4</u>
Net Position - Ending	<u>\$ 53.6</u>	<u>63.0</u>	<u>195.3</u>	<u>197.3</u>	<u>248.9</u>	<u>260.3</u>

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Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below that affect the comparability of the Statement of Changes in Net Position summary presentation:

Revenues:

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue, as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Village Board Approved Rates – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fee, building fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and nonrecurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – the Village's investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

Expenses:

Introduction of New Programs – within the functional expense categories (general government, public safety, highways and streets, etc.), individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent a significant portion of the Village's operating costs.

Salary Increases (cost of living and merit) – the ability to attract and retain intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation continues to be modest, the Village is a major consumer of certain commodities such as fuel and supplies that may experience unusual commodity specific increases.

Current Year Impacts

Governmental Activities – Revenues

Governmental Revenues increased by \$.4 million, or .1%, over prior year, a decrease of \$1.2 million in charges of services, and an increase of \$1.4 million in capital grants and contributions.

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The Village received \$40.4 million from the State for intergovernmental taxes (\$42.6 million in prior year); this represents 43.4% of the total governmental revenues. The largest tax is the state sales tax. In the current year, the state sales tax revenue was \$30.1 million (\$30 million in prior year). The second largest tax revenue source was derived from the state income tax and the revenue was \$8.7 million (\$8.8 million in prior year). The third largest other tax is the simple telecommunication tax, which was \$2.0 million (\$2.1 million in prior year).

Charges for services amounted to \$9.9 million, or 10.7%, of total governmental revenues and decreased \$1.2 million from the prior year, when it was 12.1% of total governmental revenues. The leading revenue source, \$1.8 million, was for ambulance fees. Building permits made up \$1.4 million of this income category. A building permit is required for the repair, construction, alteration, or enlargement of all buildings or structures. This includes building permit fees, heating and electrical permit fees and occupancy permits.

Property taxes are 22% of the Village's governmental activities' revenue. In the current year, we received \$20.3 million in property taxes (\$19.4 million prior year). Our overall property tax extension increased 4.6%, from \$19.4 million to \$20.3 million. The Village's equalized assessed valuation increased 6.2%, from \$1,861,978,789 to \$1,976,963,054.

Governmental Activities – Expenses

Total expense increased by \$2.5 million, or 2.5% to \$101.2 million; the majority of increases were due to the Village's general government expenses. The Village's governmental activities had \$101.2 million in expenses. The largest part of this expense, 47.4%, or \$48 million, relates to public safety. This includes required contributions to the Police and Firefighters' Pensions, as well as salaries for all Fire and Police personnel and associated benefits. Public Works made up 16%, or \$16.2 million of total governmental activities' expenditures. The largest components of this expense category include road maintenance – repaving of \$2.5 million.

Business-type Activities - Revenues. The total business-type revenues were \$17.0 million. Tap-on fees are obtained through new connections to the Village's water reclamation facilities. During the year, we received \$.5 million in tap-on fees. We also received \$3.1 million in revenue from our wastewater service charge. This is a fee charged to residents, apartment units, commercial and industrial users for each gallon of treatment and collection.

The Westside Regional Stormwater Fund revenues increased by \$882,322 from \$8,366,825 in fiscal year 2016 to \$9,248,349 in fiscal year 2017.

Business-type Activities - Expenses. The total expenses were \$17.2 million. Of this amount, \$4.1 million relates to depreciation expense, and the remaining balance relates to the Water Sewer Fund for salaries and utilities, westside regional stormwater and airport expenses.

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Fund Financial Statement Analysis

Governmental Funds

The focus of the Village's governmental funds, which includes the General Fund and 17 other funds, is to provide information on near-term inflows, outflows and balances of spendable resources. These funds are included on the balance sheet found on page 21. Governmental funds utilize the modified accrual basis of accounting designed to measure current financial resources. Consequently, the reader will notice the balance sheet does not show fixed assets or long-term liabilities. The related income statements (combined statement of revenues, expenditures and changes in fund balances) are found on page 23. At the end of the current fiscal year, the governmental funds reported combined total fund balances of \$102.5 million, which is a .5% decrease from the beginning of the year's total of \$103.0 million.

The General Fund is used to account for most of the Village's governmental operating activity. This includes administration, finance, building, public safety and public services. Including the effect of operating transfers, the General Fund balance increased by \$6.1 million. Revenues were down 1.2% (\$75.9 million compared to \$76.8 million), while expenditures increased by 10.3% (\$69.3 million compared to \$62.8 million). The decrease in revenues can be attributed to a decrease in real estate transfer tax, state income tax, other charges for services such as building permits. General Fund expenditures finished the year \$6.6 million, or 8.7%, under budget. The General Fund budget was amended during the year from \$74.4 to \$76 million.

The Refuse and Recycling Fund ended fiscal year 2017 with a deficit fund balance of \$2.3 million. It was management's intent to have the General Fund subsidize the Refuse and Recycling Fund in order not to increase property taxes. Due to the timing and accrual basis, the subsidy will take place in fiscal year 2018.

The 2007 Bond Fund saw continued capital outlay spending resulting in a decrease in fund balance of \$1.0 million in the current year, for an ending fund balance of \$13.5 million.

The Debt Service Fund paid schedule debt service obligations and received property tax revenue, which resulted in a decrease of fund balance of \$2.4 million for an ending balance of \$11 million.

Proprietary Funds

The Village of Bolingbrook's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The financial statements for the proprietary funds begin on page 25.

At April 30, 2017, the business-type activities reported combined total net assets of \$195.3 million, which is a 1% decrease from the beginning of the year's total of \$197.2 million. Of the total net assets balance, \$186.6 million is invested in capital assets, net of related debt.

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The Village reports the Wastewater/Sewer, Airport and Westside Regional Stormwater Funds as proprietary funds. Wastewater and sewer treatment service is provided at a rate of \$2.43 per thousand gallons of usage. The Wastewater/Sewer Fund recorded an operating loss before depreciation of \$.4 million, depreciation expense was \$3 million.

In December 2013, the Village executed a 5-year management contract with Kemper Management Inc. to provide operating services at the Village-owned Golf Course. For an annual fee, the firm employs and trains the proper staffing levels, maintains the course and clubhouse, operates the half way houses and develops and markets the golf course activities and promotions. All revenues are the Village's, and operating expenses are incurred in accordance with the contract and an annual budget approved by the Village. This is the third consecutive year lots were sold. The Westside Regional Stormwater Fund recorded operating income before depreciation of \$.6 million, depreciation expense was \$.7 million. Included in the activity of the fund for the current year was the sale of eight lots sold for \$912,064 compared to three lots sold in fiscal year 2016 for \$173,386. In addition, the Westside Regional Stormwater Fund collected \$600,000 for the regional stormwater management facility fee.

In April 2004, the Village purchased Clow International Airport. In April 2017, the Village executed a month-to-month basis management agreement with Clow International Airport, LLC effective through May 1, 2020. They will supervise, manage, direct and operate the Airport on behalf of the Village. This includes general daily operations, service work, repairs and marketing. The Airport Fund ended fiscal year 2017 with a fund balance of \$18.7 million up \$1.1 million from the prior year. The Airport Fund received Capital contribution from the Federal Aviation Administration and from the Illinois Department of Transportation in the amount of \$1.4 million combined.

Fiduciary Funds

The financial statements for the Village's fiduciary funds, the Police and Firefighter's Pension Funds, begin on page 28. The change in net position for the Police Pension Fund was \$6.2 million and the Firefighters' Pension Fund was \$4.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2017, equals \$490.1 million (net of accumulated depreciation). The governmental activities net capital assets decreased by \$4.4 million, or 1.4%, as depreciation exceeded new capital outlay. Major governmental capital expenditures included:

- Vehicles – a brush chipper, street sweeper, defibrillator and squad cars (governmental activities)
- Route 53 Landscaping, Rodeo Drive & Kings Road roundabout, Fire station 3 rehab (governmental activities)

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- Airport improvements and Phase IV Expansion IBWRF Sewer treatment plant #3 (business-type activities)

In accordance with the Village's projected road replacement program, street improvements include resurfacing of 56,094 feet of road (32.42 of lane miles).

Change in Capital Assets
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Nondepreciable Assets						
Land	\$ 186.1	186.1	48.4	48.4	234.5	234.5
CIP	3.6	4.0	18.1	24.6	21.7	28.6
Other Capital Assets						
Land Improvements	16.3	14.7	9.9	2.0	26.2	16.7
Infrastructure	154.7	153.0	137.6	135.2	292.3	288.2
Buildings	45.6	45.5	43.2	43.1	88.8	88.6
Machinery and Equipment	20.1	19.4	15.5	15.4	35.6	34.8
Vehicles			1.2	1.3	1.2	1.3
Accumulated Depreciation on Capital Assets	(123.0)	(114.9)	(87.2)	(83.2)	(210.2)	(198.1)
	<u>\$ 303.4</u>	<u>307.8</u>	<u>186.7</u>	<u>186.8</u>	<u>490.1</u>	<u>494.6</u>

In the past, various developers had continued to install and dedicate linear feet of storm sewer and sanitary sewer lines to the Village. In 2017, 24,402 linear feet of storm sewer and 13,200 linear feet of sanitary sewer lines were dedicated to the Village. See note 4 for additional information on capital assets.

Village of Bolingbrook, Illinois
Management's Discussion and Analysis
April 30, 2017

Debt Administration

At April 30, 2017, the Village had outstanding debt as follows:

	Obligations Outstanding May 1, 2016	Debt Additions	Interest Accretion	Debt Retirement	Obligations Outstanding April 30, 2017	Due Within One Year
Governmental Activities						
1999C Capital Appreciation Bonds	\$ 32,405,754		1,719,152	1,530,000	32,594,906	1,860,000
2002B Capital Appreciation Bonds	32,425,592		1,956,380	435,000	33,946,972	620,000
2007 General Obligation Bonds	41,815,000				41,815,000	
2010A General Obligation Bonds	23,200,000				23,200,000	
2010B General Obligation Bonds	3,445,000			440,000	3,005,000	545,000
2013A General Obligation Current Interest Bonds	7,255,000				7,255,000	
2013A General Obligation Capital Appreciation Bonds	26,509,222		1,396,709		27,905,931	
2014A General Obligation Current Interest Bonds	55,440,000			1,755,000	53,685,000	1,210,000
Bond Discount	(149,525)			(14,775)	(134,750)	
Bond Premium	3,435,792			176,771	3,259,021	
Compensated Absences	1,946,575	2,964,884		2,746,815	2,164,644	2,926,846
Net Pension Liability - Police	62,627,267	519,945		5,624,946	57,522,266	
Net Pension Liability - Fire	49,601,861	3,967,007		4,451,055	49,117,813	
Net Pension Liability - IMRF	7,625,738			988,591	6,637,147	
Net Other Postemployment Benefit Obligation	10,458,492	3,185,999		1,394,495	12,249,996	
Total Governmental Activities	\$ 358,041,768	10,637,835	5,072,241	19,527,898	354,223,946	7,161,846
Business-type Activities						
Capital Leases Payable	343,244			197,910	145,334	50,289
Compensated Absences	142,879	106,054		75,926	173,007	104,179
Net Pension Liability - IMRF	920,174	8,692		128,711	800,155	
Total Business-type Activities	\$ 1,406,297	114,746	-	402,547	1,118,496	154,468

As a Home Rule community under the Illinois Constitution, the Village has no legal debt limit. However, the Village has no intention of exceeding a fiscally responsible amount of debt; the Village's rating from Moody's Investment Service on general obligation bond issues is A2. See note 5 for additional information on long-term obligations of the Village.

ECONOMIC FACTORS

The Village is located at the interchange of Interstate Route 55 on the south and the north/south extension of the Illinois Tollway system, I-355 on the east. Presently, the Village consists of 25.6 square miles. In the past decade, the Village's assessed valuation has decreased. In fiscal year 2017, the EAV increased by 6.2%.

Village of Bolingbrook, Illinois
Management's Discussion and Analysis
April 30, 2017

The extension of North/South Tollway (I-355) from Route 55 at the southeast edge of Bolingbrook south of I-80 has made Bolingbrook one of the most centralized suburbs in the southwest Chicago area.

The Village has experienced rapid growth in commercial and residential real estate development over the past ten years. Much of this growth can be attributed to the pro-growth sentiments of the Village; the proximity of the Village to the City of Chicago; the provision of necessary infrastructure improvements including roads, water and sewer services, and relatively low property taxes.

In fiscal year 2017, the Village issued 3,553 housing permits versus 3,578 from a year ago. There were 30 industrial new/buildout constructions in fiscal year 2017 versus 32 from a year ago. There were 37 new/buildout commercial construction permits in 2017, compared to a year ago of 58. There were three subdivisions that was accepted in the 2017 fiscal year, River Hills Units 3A, 3C and Heritage Knolls.

Bolingbrook's trend of a growth and diversification mix has spurred the explosion of commercial and industrial space throughout the Village. A lifestyle shopping area known as the Promenade Shopping Center on Boughton Road and Janes Avenue, approximately 1.1 million square feet of retail space, opened in the spring of 2007. This area includes stores such as IKEA, Costco, Bass Pro, Macy's, DSW Shoes, Barnes & Noble, Ulta, and other retail establishments.

In addition, the Village of Bolingbrook is home to the Bolingbrook Adventist Hospital. Overall, with all the Village has to offer to its residents, it is no wonder the Village of Bolingbrook was ranked as being number 38 best places to live in by Money Magazine in 2014.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, Village of Bolingbrook, 375 West Briarcliff Road, Bolingbrook, Illinois, 60440.

BASIC FINANCIAL STATEMENTS

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Net Position

April 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash, Cash Equivalents and Investments	\$ 55,103,102	16,781,365	71,884,467
Property Tax Receivable	20,624,124		20,624,124
Other Taxes Receivable	10,975,752		10,975,752
Accounts Receivable	3,021,956	720,702	3,742,658
Accrued Interest Receivable	131,823	31,604	163,427
Intergovernmental Receivable	323,498		323,498
Internal Balances	12,293,801	(12,293,801)	
Prepaid Items	426,856	85,049	511,905
Inventories	33,065	285,401	318,466
Restricted Cash	20,480,196		20,480,196
Land Held for Resale		5,864,096	5,864,096
Total Current Assets	123,414,173	11,474,416	134,888,589
Noncurrent Assets			
Other Assets		3,900	3,900
Capital Assets			
Capital Assets Not Being Depreciated	189,686,779	66,492,382	256,179,161
Capital Assets Being Depreciated, Net	113,700,611	120,284,817	233,985,428
Total Noncurrent Assets	303,387,390	186,781,099	490,168,489
Total Assets	426,801,563	198,255,515	625,057,078
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	22,501,340	402,052	22,903,392
Unamortized Loss on Refunding	4,470,950		4,470,950
Total Deferred Outflows of Resources	26,972,290	402,052	27,374,342

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts Payable	\$ 5,773,144	919,916	6,693,060
Accrued Payroll	2,447,162	48,746	2,495,908
Claims Payable	756,366		756,366
Deposits Payable	2,567,688	847,725	3,415,413
Interest Payable	1,983,193		1,983,193
Other Payables	301,878	44,389	346,267
Due to Pension Funds	6,098,642		6,098,642
Unearned Revenue	216,929	226,616	443,545
Other Liabilities		43,982	43,982
Long-Term Obligations, Due Within One Year			
Compensated Absences	2,926,846	104,179	3,031,025
Bonds Payable	4,235,000		4,235,000
Capital Lease Payable		50,289	50,289
Total Current Liabilities	27,306,848	2,285,842	29,592,690
Noncurrent Liabilities			
Compensated Absences	2,868,862	68,828	2,937,690
Bonds Payable	222,297,080		222,297,080
Capital Lease Payable		95,045	95,045
OPEB Liability	12,249,996		
Net Pension Liability	109,646,162	800,155	110,446,317
Total Noncurrent Liabilities	347,062,100	964,028	348,026,128
Total Liabilities	374,368,948	3,249,870	377,618,818
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	14,240,430	61,016	14,301,446
Deferred Property Taxes	11,597,392		11,597,392
Total Deferred Inflows of Resources	25,837,822	61,016	25,898,838
Net Position			
Net Investment in Capital Assets	101,806,456	186,631,865	288,438,321
Restricted for Streets	9,185,012		9,185,012
Restricted for Public Safety	43,351		43,351
Restricted for Debt Service	16,196,933		16,196,933
Restricted for Capital Projects	1,026,270		1,026,270
Unrestricted	(74,690,939)	8,714,816	(65,976,123)
Total Net Position	\$ 53,567,083	195,346,681	248,913,764

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Activities

Year Ended April 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 11,295,767	3,927,058	9,950	407,840
Public Safety	48,043,726	4,106,047	29,857	
Public Works	16,243,781	1,909,056	2,000,564	2,485,621
Sanitation	5,458,204			
Culture and Recreation	3,977,610			
Economic Development	4,953,019			
Interest on Long-Term Debt	11,207,182			
Total Governmental Activities	101,179,289	9,942,161	2,040,371	2,893,461
Business-Type Activities				
Waterworks and Sewerage	7,218,028	3,788,305		2,341,854
Westside Regional Stormwater	9,333,961	9,248,349		
Airport	656,246	352,100		1,377,746
Total Business-Type Activities	17,208,235	13,388,754	-	3,719,600
Total Primary Government	\$ 118,387,524	23,330,915	2,040,371	6,613,061

General Revenues

Taxes

Property Taxes Levied for General Purpose

Property Taxes Levied for Debt Service

Property Taxes Levied for TIF

Telecommunication

Other Taxes

Intergovernmental

Sales Tax

Income Tax

Unrestricted Investment Earnings

Miscellaneous Revenues

Gain on Sale of Capital Assets

Transfers

Total General Revenues

Change in Net Position

Net Position

May 1, as Originally Reported

Correction of Prior Year Land Held for Resale (Note 14)

May 1, as Restated

April 30

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
(6,950,919)		(6,950,919)
(43,907,822)		(43,907,822)
(9,848,540)		(9,848,540)
(5,458,204)		(5,458,204)
(3,977,610)		(3,977,610)
(4,953,019)		(4,953,019)
(11,207,182)		(11,207,182)
(86,303,296)	-	(86,303,296)
	(1,087,869)	(1,087,869)
	(85,612)	(85,612)
	1,073,600	1,073,600
-	(99,881)	(99,881)
(86,303,296)	(99,881)	(86,403,177)
12,467,777		12,467,777
7,749,058		7,749,058
72,494		72,494
1,956,760		1,956,760
15,314,352		15,314,352
30,111,768		30,111,768
8,723,262		8,723,262
322,474	(5,474)	317,000
523,430	241	523,671
6,968		6,968
(367,318)	367,318	
76,881,025	362,085	77,243,110
(9,422,271)	262,204	(9,160,067)
62,989,354	197,225,081	260,214,435
	(2,140,604)	(2,140,604)
62,989,354	195,084,477	258,073,831
53,567,083	195,346,681	248,913,764

VILLAGE OF BOLINGBROOK, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2017

	General Fund	Refuse and Recycling Fund	2007 Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash, Cash Equivalents and Investments	\$ 31,995,931			4,382,239	17,287,579	53,665,749
Property Tax Receivable	9,157,293	1,172,339		10,288,116	6,376	20,624,124
Other Taxes Receivable	10,975,752					10,975,752
Accounts Receivable	1,774,445				1,240,188	3,014,633
Accrued Interest Receivable	86,553		37,063		8,207	131,823
Intergovernmental Receivable					323,498	323,498
Due from Other Funds	1,113,945					1,113,945
Advances to Other Funds	28,519,120		1,024,472	2,289,221	314,988	32,147,801
Prepaid Items	300,000		126,856			426,856
Inventories	33,065					33,065
Restricted Cash			12,507,548		7,972,648	20,480,196
Total Assets	\$ 83,956,104	1,172,339	13,695,939	16,959,576	27,153,484	142,937,442
Liabilities						
Accounts Payable	\$ 4,078,199	912,351	121,053		90,661	5,202,264
Accrued Payroll	2,430,539				16,623	2,447,162
Deposits Payable	2,567,688					2,567,688
Due to Other Funds	200	1,113,945				1,114,145
Due to Pension Funds	4,079,620	927,588		1,091,434		6,098,642
Unearned Revenue	216,929					216,929
Other Payables	157,103				144,775	301,878
Advances from Other Funds	2,015,726				5,170,392	7,186,118
Total Liabilities	15,546,004	2,953,884	121,053	1,091,434	5,422,451	25,134,826
Deferred Inflows of Resources						
Unavailable Property Taxes	5,218,913	551,663		4,840,113	986,703	11,597,392
Unavailable Other Taxes	3,671,945					3,671,945
Total Deferred Inflows of Resources	8,890,858	551,663	-	4,840,113	986,703	15,269,337
Fund Balances						
Nonspendable						
Advances	28,519,120					28,519,120
Prepays	300,000		126,856			426,856
Inventories	33,065					33,065
Restricted for						
Streets					9,185,012	9,185,012
Public Safety					43,351	43,351
Debt Service				11,028,029	5,168,904	16,196,933
Capital Projects			13,448,030		8,058,436	21,506,466
Unassigned	30,667,057	(2,333,208)			(1,711,373)	26,622,476
Total Fund Balances	59,519,242	(2,333,208)	13,574,886	11,028,029	20,744,330	102,533,279
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 83,956,104	1,172,339	13,695,939	16,959,576	27,153,484	142,937,442

See Notes to Financial Statements

VILLAGE OF BOLINGBROOK, ILLINOIS

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

April 30, 2017

Total Fund Balances - Governmental Funds \$ 102,533,279

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 funds.

Capital Assets, at Cost	426,361,838
Accumulated Depreciation	<u>(122,974,448)</u>

Net Capital Assets 303,387,390

Some liabilities reported in the Statement of Net Position do not require
the use of current financial resources and, therefore, are not reported
as a liability in governmental funds. These liabilities consist of:

General Obligation Bonds Payable	(223,407,809)
Bond Premiums	(3,259,021)
Bond Discounts	134,750
Net OPEB Obligations	(12,249,996)
Net Pension Liability	(109,646,162)
Compensated Absences	(5,795,708)
Interest Payable	<u>(1,983,193)</u>

Total Long-Term Liabilities (356,207,139)

Deferred Outflows of Resources Related to Pensions
are recorded on the Statement of Net Position. 22,501,340

Deferred Inflows of Resources Related to Pensions
are recorded on the Statement of Net Position. (14,240,430)

Losses on refunding are not recognized in the governmental funds,
but are capitalized and amortized over the life of the refunded bond in
the Statement of Net Position. 4,470,950

Some of the tax revenues due from the State will be collected after year end
but are not available soon enough to pay for the current period's
expenditures and, therefore, are deferred in the funds. 3,671,945

Claims liability is not due and payable in the current period and, therefore,
is not reported in governmental funds. (489,315)

Internal service funds are used to manage the costs of certain activities,
such as insurance, to individual funds. The assets and liabilities of the
internal service funds are included in the governmental activities in the
Statement of Net Position. (12,060,937)

Net Position of Governmental Activities \$ 53,567,083

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

Year Ended April 30, 2017

	General Fund	Refuse and Recycling Fund	2007 Bond Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 25,013,417	2,524,181		7,749,058	84,965	35,371,621
Licenses and Permits	2,401,304					2,401,304
Charges for Services	5,613,053				23,979	5,637,032
Fines and Forfeitures	1,143,682					1,143,682
Contributions	632,822					632,822
Intergovernmental	40,383,248				2,463,602	42,846,850
Interest	203,959	2,599	67,708	5,754	42,454	322,474
Miscellaneous	490,909					490,909
Total Revenues	75,882,394	2,526,780	67,708	7,754,812	2,615,000	88,846,694
Expenditures						
Current						
General Government	10,789,943					10,789,943
Public Safety	41,448,996				1,239,158	42,688,154
Highways and Streets	8,132,270				1,290,902	9,423,172
Sanitation		5,471,522				5,471,522
Culture and Recreation	3,971,204					3,971,204
Economic Development	4,953,019					4,953,019
Capital Outlay			980,920		531,053	1,511,973
Debt Service						
Principal				4,160,000		4,160,000
Interest				6,030,944		6,030,944
Total Expenditures	69,295,432	5,471,522	980,920	10,190,944	3,061,113	88,999,931
Excess (Deficiency) of Revenues over Expenditures	6,586,962	(2,944,742)	(913,212)	(2,436,132)	(446,113)	(153,237)
Other Financing Sources (Uses)						
Proceeds from Sale of Assets	25,309					25,309
Transfers In					142,000	142,000
Transfers Out	(509,318)					(509,318)
Total Other Financing Sources (Uses)	(484,009)	-	-	-	142,000	(342,009)
Net Change in Fund Balances	6,102,953	(2,944,742)	(913,212)	(2,436,132)	(304,113)	(495,246)
Fund Balances						
May 1	53,416,289	611,534	14,488,098	13,464,161	21,048,443	103,028,525
April 30	\$ 59,519,242	(2,333,208)	13,574,886	11,028,029	20,744,330	102,533,279

VILLAGE OF BOLINGBROOK, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended April 30, 2017

Net Change in Fund Balances - Total Governmental Funds		\$ (495,246)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities capitalize them and report depreciation expense to allocate those expenditures over the life of the assets.		
Capital Outlay	3,975,382	
Depreciation	<u>(8,259,590)</u>	
Depreciation in Excess of Capital Outlay		(4,284,208)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		4,160,000
The net effect of disposals of capital assets is not recognized in the governmental fund statements.		(18,341)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		785,053
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recorded in the governmental funds.		
Increase in Compensated Absences	(218,069)	
Amortization of Discounts	(14,775)	
Amortization of Bond Premiums	176,771	
Amortization of Deferred Loss on Refunding	(290,752)	
Increase in Deferred Outflows - Pensions	1,797,686	
Increase in Deferred Inflows - Pensions	(10,862,366)	
Decrease in Net Pension Liabilities	6,577,640	
Increase in Other Postemployment Benefits Obligation	(1,791,504)	
Decrease in Accrued Interest on Debt	<u>24,795</u>	
		(4,600,574)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Funds is reported with governmental activities.		332,943
The increase in the claims payable liability is not shown as an expenditure in the governmental funds.		(229,657)
The accretion of interest on long-term debt is not reported in the governmental funds; however, it results in an increase in debt principal payable in the Statement of Net Position.		<u>(5,072,241)</u>
Change in Net Position of Governmental Activities		<u>\$ (9,422,271)</u>

See Notes to Financial Statements

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2017

	Major Enterprise Funds			Total	Internal Service Fund
	Waterworks and Sewerage Fund	Westside Regional Stormwater Fund	Airport Fund		
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 11,013,352	5,534,037	233,976	16,781,365	1,437,353
Accounts Receivable	107,218	336,640	276,844	720,702	7,323
Accrued Interest Receivable	31,604			31,604	
Due from Other Funds	200			200	991,254
Prepaid Expenses		85,049		85,049	
Inventories		285,401		285,401	
Land Held for Resale		5,864,096		5,864,096	
Total Current Assets	11,152,374	12,105,223	510,820	23,768,417	2,435,930
Noncurrent Assets					
Other Assets		3,900		3,900	
Capital Assets					
Capital Assets Not Being Depreciated	36,973,178	19,079,549	10,439,655	66,492,382	
Capital Assets, Net of Accumulated Depreciation	88,523,564	20,175,107	11,586,146	120,284,817	
Total Noncurrent Assets	125,496,742	39,258,556	22,025,801	186,781,099	-
Total Assets	136,649,116	51,363,779	22,536,621	210,549,516	2,435,930
Deferred Outflows of Resources					
Deferred Outflows of Resources Related to Pensions	402,052			402,052	
Liabilities					
Current Liabilities					
Accounts Payable	227,523	692,086	307	919,916	570,880
Accrued Payroll	48,746			48,746	
Deposits Payable		837,225	10,500	847,725	
Unearned Revenue		226,616		226,616	
Advances from Other Funds	3,747,202	4,742,148	3,804,651	12,294,001	13,658,936
Other Payables	375	44,014		44,389	
Claims Payable					267,051
Other Liabilities		43,982		43,982	
Long-Term Obligations, Due Within One Year					
Compensated Absences	104,179			104,179	
Capital Leases Payable		50,289		50,289	
Total Current Liabilities	4,128,025	6,636,360	3,815,458	14,579,843	14,496,867
Noncurrent Liabilities					
Compensated Absences	68,828			68,828	
Net Pension Liability	800,155			800,155	
Capital Leases Payable		95,045		95,045	
Total Noncurrent Liabilities	868,983	95,045	-	964,028	-
Total Liabilities	4,997,008	6,731,405	3,815,458	15,543,871	14,496,867
Deferred Inflows of Resources					
Deferred Inflows of Resources Related to Pensions	61,016			61,016	
Net Position					
Net Investment in Capital Assets	125,496,742	39,109,322	22,025,801	186,631,865	
Unrestricted	6,496,402	5,523,052	(3,304,638)	8,714,816	(12,060,937)
Total Net Position	\$ 131,993,144	44,632,374	18,721,163	195,346,681	(12,060,937)

See Notes to Financial Statements

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds

Year Ended April 30, 2017

	Major Enterprise Funds			Nonmajor Enterprise Fund	Total	Internal Service Fund
	Waterworks and Sewerage Fund	Westside Regional Stormwater Fund	Airport Fund	Americana Estates Fund		
Operating Revenues						
Charges for Services	\$ 3,788,305	8,840,956	352,100		12,981,361	9,851,580
Sale of Land		407,393			407,393	
Total Revenues	3,788,305	9,248,349	352,100	-	13,388,754	9,851,580
Operating Expenses, Excluding Depreciation						
Administrative Division	1,592,614				1,592,614	
Sewer Division	975,830				975,830	
Reclamation Division	1,602,419				1,602,419	
Golf Course		8,593,567			8,593,567	
Airport			318,159		318,159	
Americana Estates		27,000			27,000	
Internal Service Expenses						9,523,001
Total Operating Expenses, Excluding Depreciation	4,170,863	8,620,567	318,159	-	13,109,589	9,523,001
Operating Income (Loss) before Depreciation	(382,558)	627,782	33,941		279,165	328,579
Depreciation	3,047,165	704,516	338,087		4,089,768	
Operating Income (Loss)	(3,429,723)	(76,734)	(304,146)	-	(3,810,603)	328,579
Nonoperating Revenues (Expenses)						
Interest Income	(8,231)	2,672	85		(5,474)	4,364
Interest Expense		(6,440)			(6,440)	
Miscellaneous	10	(2,438)	231		(2,197)	
Total Nonoperating Revenues (Expenses)	(8,221)	(6,206)	316	-	(14,111)	4,364
Income (Loss) before Contributions	(3,437,944)	(82,940)	(303,830)	-	(3,824,714)	332,943
Capital Contributions	2,341,854		1,377,746		3,719,600	
Transfers In		10,916,796	12,318		10,929,114	
Transfers Out				(10,561,796)	(10,561,796)	
Net Transfers and Contributions	2,341,854	10,916,796	1,390,064	(10,561,796)	4,086,918	-
Changes in Net Position	(1,096,090)	10,833,856	1,086,234	(10,561,796)	262,204	332,943
Net Position						
May 1, as Originally Reported	133,089,234	33,798,518	17,634,929	12,702,400	197,225,081	(12,393,880)
Correction of Prior Year Land Held for Resale (see Note 14)				(2,140,604)	(2,140,604)	
May 1, as Restated	133,089,234	33,798,518	17,634,929	10,561,796	195,084,477	(12,393,880)
April 30	\$ 131,993,144	44,632,374	18,721,163	-	195,346,681	(12,060,937)

See Notes to Financial Statements

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Cash Flows - Proprietary Funds

Year Ended April 30, 2017

	Major Enterprise Funds			Nonmajor Enterprise Fund	Total	Internal Service Fund
	Waterworks and Sewerage Fund	Westside Regional Stormwater Fund	Airport Fund	Americana Estates Fund		
Cash Flows from Operating Activities						
Receipts from Customers and Others	\$ 3,898,554	9,698,460	363,856		13,960,870	9,861,116
Other Operating Receipts			231		231	
Payments to Suppliers	(3,284,212)	(4,208,309)	(349,149)		(7,841,670)	(10,072,656)
Payments to Employees	(1,313,750)	(4,322,829)			(5,636,579)	
Net Cash Provided by (Used in) Operating Activities	(699,408)	1,167,322	14,938	-	482,852	(211,540)
Cash Flows from Noncapital Financing Activities						
Interfund Borrowings, Net	2,652,730	244,465	156,886		3,054,081	(1,959,730)
Interfund Transfer		4,010,260	12,318	(3,655,260)	367,318	
Net Cash Provided by (Used in) Noncapital Financing Activities	2,652,730	4,254,725	169,204	(3,655,260)	3,421,399	(1,959,730)
Cash Flows from Capital and Related Financing Activities						
Interest Payment on Debt		(6,440)			(6,440)	
Principal Payments on Capital Lease		(197,910)			(197,910)	
Purchase of Capital Assets	(84,882)	(36,123)	(147,520)		(268,525)	
Net Cash Used in Capital and Related Financing Activities	(84,882)	(240,473)	(147,520)	-	(472,875)	-
Cash Flows from Investing Activities						
Interest	(10,075)	2,672	85		(7,318)	4,364
Net Increase (Decrease) in Cash and Cash Equivalents	1,858,365	5,184,246	36,707	(3,655,260)	3,424,058	(2,166,906)
Cash and Cash Equivalents						
May 1	9,154,987	349,791	197,269	3,655,260	13,357,307	3,604,259
April 30	\$ 11,013,352	5,534,037	233,976	-	16,781,365	1,437,353
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	\$ (3,429,723)	(76,734)	(304,146)		(3,810,603)	328,579
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Depreciation	3,047,165	704,516	338,087		4,089,768	
Pension Related Items						
Deferred Inflows of Resources - Pensions	84,510				84,510	
Net Pension Liability	(120,019)				(120,019)	
Deferred Inflows of Resources - Pensions	61,016				61,016	
Other Operating Receipts	10		231		241	
Changes in Assets and Liabilities						
Receivables, Net	110,239	43,229	11,756		165,224	9,536
Inventory		37,949			37,949	
Prepaid and Other Assets		26,504			26,504	
Deferred Revenue		71,784			71,784	
Payables and Accruals	(452,606)	27,976	(30,990)		(455,620)	(549,655)
Deposits Payable		(172,573)			(172,573)	
Land Held for Resale		504,671			504,671	
Net Cash Provided by (Used in) Operating Activities	\$ (699,408)	1,167,322	14,938	-	482,852	(211,540)

Noncash Capital Financing Activity

The Airport Fund received capital assets from governmental activities for \$12,318 and from an outside party for \$1,377,746. The Waterworks and Sewerage Fund received \$2,341,854 in contributed asset in 2017.

See Notes to Financial Statements

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Fiduciary Net Position - Pension Trust and Agency Funds

April 30, 2017

	Pension Trust Funds	<u>Agency Fund</u> Weber Rd TIF
Assets		
Cash and Cash Equivalents	\$ 4,827,622	347,571
Investments		
U.S. Treasury Securities	12,569,661	
U.S. Agency Securities	25,805,663	
Municipal Bonds	4,078,609	
Corporate Bonds	8,513,325	
Mutual Funds	29,977,484	
Common and Preferred Stock	21,824,108	
Accrued Interest Receivable	389,650	
Due from Village	6,098,642	
Prepays	49,705	
	<hr/>	
Total Assets	114,134,469	347,571
Liabilities		
Other Payables	34,274	347,571
	<hr/>	
Net Position		
Restricted for Pensions	<u>\$ 114,100,195</u>	<u>-</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Statement of Changes in Fiduciary Net Position - Pension Trust Funds

Year Ended April 30, 2017

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 10,076,001
Plan Members	<u>1,770,492</u>
Total Contributions	<u>11,846,493</u>
Investment Earnings	
Investment Income	6,807,028
Investment Fees	<u>(488,301)</u>
Total Investment Earnings	<u>6,318,727</u>
Total Additions	<u>18,165,220</u>
Deductions	
Benefits and Refunds	7,543,130
Administration	<u>172,700</u>
Total Deductions	<u>7,715,830</u>
Net Increase in Net Position	10,449,390
Net Position Restricted for Pensions	
May 1	<u>103,650,805</u>
April 30	<u>\$ 114,100,195</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The Village's basic financial statements include all organizations, activities, functions, funds and component units for which the Village is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's Board, and either: (1) the Village's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Village.

Blended within the reporting entity are:

Police and Firefighters' Pension Employees Retirement Systems – The Village's police and firefighter employees participate in the Police Pension Employees Retirement System (PPERS) (Police Pension Plan) and the Firefighters' Pension Employees Retirement System (FPERS) (Firefighters' Pension Plan). PPERS functions for the benefit of employees and is governed by a five-member Pension Board. Two members are appointed by the Mayor; two are elected from the active members and one from the retired members. FPERS is governed by a nine-member Board. The following comprise the FPERS Board: the Mayor, Village Clerk, Village Attorney, Fire Chief, Village Treasurer and four elected officers (three active members and one retired member). The Village, PPERS and FPERS are obligated to fund all PPERS and FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Neither the PPERS nor the FPERS issue a separate financial report.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Village. Eliminations have been made to minimize the double-counting of internal activities of the Village. Interfund services provided and used are not eliminated in the process of consolidation. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the Village's nonfiduciary assets and liabilities with the differences reported in three categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position results when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)
 - B. Government-Wide and Fund Financial Statements (Cont.)

Government-Wide Financial Statements (cont.)

Unrestricted Net Position consists of net position that does not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (*i.e.*, general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees) and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary Funds are excluded from the government-wide financial statements.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary (pension) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has the following major governmental funds.

The Village administers the following major governmental funds:

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

Refuse and Recycling Fund – This fund is a special revenue fund that accounts for the collection of property taxes and expenditures for waste collection services.

2007 Bond Fund – This fund is a capital projects fund that accounts for the receipt and expenditure of the portion of the Series 2007 bond proceeds designated for capital improvements.

Debt Service Fund – This fund is a debt service fund used to account for the accumulation of resources for, and the payment of principal, interest and related costs of general obligation bonds.

The Village administers the following major proprietary (enterprise) funds:

Waterworks and Sewerage Fund – This fund accounts for the provision of wastewater 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 collections.

Westside Regional Stormwater Fund – The fund takes in the applicable stormwater management facility fee and maintains components of the Village's stormwater detention system for the tributary area west of Weber Road. The Golf Course and Americana Estates Funds were consolidated into this fund in the current year since the Americana Estates and the Golf Course were by-products of the

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)
 - B. Government-Wide and Fund Financial Statements (Cont.)

Government-Wide Financial Statements (Cont.)

development of the Regional Stormwater system. Activities include, but are not limited to, real estate development, marketing, administration of a municipal golf course, and the maintenance of the Regional Stormwater system.

Airport Fund – Accounts for the operational activities of the municipal airport. Activities include, but are not limited to, administration, operations, construction and maintenance.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the Village's own programs. The Village reports the following fiduciary fund types:

Trust Funds – The Village has two pension trust funds. These funds account for the activities of the Police Pension Employees Retirement System and the Firefighters' Pension Employees Retirement System, both of which accumulate resources for pension benefit payments to qualified public safety employees.

Agency Fund – The Village's Weber Road TIF Fund is used to account for assets held to pay future debt service for the Weber Road TIF District.

In addition to the fund types mentioned above, the Village uses the following governmental fund types:

Special Revenue Funds – Accounts for the proceeds of specific revenue sources (other than debt service or major capital expenditures) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Accounts for the Village's accumulation of resources for, and the payment of, long-term debt, principal, interest and related costs.

Capital Projects Funds – Accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

The Village also has the following proprietary funds which are not considered major:

Americana Estates Fund – Accounts for the operational activities of Americana Estates. Activities include, but are not limited to, real estate development, marketing, sales and administration. This fund was consolidated with the Westside Regional Stormwater Fund (formerly Golf Course) in the current year.

Internal Service Fund – Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost-reimbursement basis. This fund reports the Village's activity for employee/retiree health care and workers' compensation.

- C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred,

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

C. Measurement Focus and Basis of Accounting and Financial Statement Presentation (Cont.)

regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, State-shared revenues and various State, Federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, State-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first; the unrestricted resources are used as they are needed. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Village's proprietary fund types consider as cash equivalents all highly liquid investments with an original maturity of three months or less when purchased.

E. Receivables

The recognition of receivables associated with nonexchange transactions in governmental and proprietary funds is as follows:

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

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

F. Investments

Investments are reported at fair value. Fair value is based on quoted market prices.

G. Inventories and Prepaid Expenses

Inventories are accounted for at cost using the first-in, first-out method. Inventories are accounted for under the consumption method whereby acquisitions are recorded in inventory accounts initially and charged as expenditures when used.

Inventories are accounted for at cost using the first-in, first-out method. Inventories are accounted for under the consumption method whereby acquisitions are recorded in inventory accounts initially and charged as expenditures when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses under the consumption method.

H. Capital Assets

Capital assets which include property, equipment and infrastructure assets (*e.g.*, roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an estimated useful life in excess of one year and an initial individual cost of more than:

\$75,000 Sanitary Sewer Network	\$25,000 Building Improvements
\$50,000 Roadway Network	\$20,000 Land Improvements
\$50,000 Storm Sewer Network	\$20,000 Site Improvements
\$25,000 Software	\$15,000 Buildings
\$25,000 Land	\$5,000 Equipment

All purchased capital assets are recorded at cost where historical records are available or at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the phase of capital assets of business-type activities is capitalized.

All reported capital assets except land, site improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. The following estimated useful lives are used to compute depreciation on a straight-line basis:

Land Improvements	50 years
Infrastructure	40 years
Buildings	50 years
Machinery and Equipment	5 - 20 years

Losses from sales or retirements of governmental activities capital assets are included in operating expenses on the Statement of Activities.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

I. Land Held for Resale

Land held for resale is reported as an asset at the lower of cost or estimated realizable value.

J. Vacation and Sick Leave

Vacation and sick leave are recorded in governmental funds when due (upon employee retirement or termination). Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expenditure/expense is reported and a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" at retirement.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences, pension and other obligations, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, at the time of issuance. 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 debt service expenditures.

Debt service funds are specifically established to account for and service the long-term obligations for the governmental funds debt. Enterprise funds individually account for and service the applicable debt that benefits those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year.

L. Westside Regional Stormwater Fund Deposits Payable/Deferred Revenue

The Americana Estates/Golf Course Fund liabilities include deposits held for future outings or events totaling \$837,225 at April 30, 2017, and deferred revenue totaling \$226,616 related to annual passes, gift certificates and the training facility totaling \$112,343, \$78,418 and \$35,855, respectively.

M. Deferred Outflows/Inflows of Resources

The Village reports deferred outflows of resources on its Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure/reduction of a liability) until then. The Village only has two items that qualify for reporting in this category, the deferred outflows related to pensions, which represents pension items that will be recognized as pension expense or reduction of the net pension liability in future reporting period, and unamortized loss on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

M. Deferred Outflows/Inflows of Resources (Cont.)

The Village reports deferred inflows of resources on its Statement of Net Position and Balance Sheet-Governmental Funds. Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The Village has two types of items that qualify for reporting in this category, deferred inflows related to property taxes levied in 2016 but will be used in the subsequent year and deferred inflows related to pensions which represents pension items that will be recognized as reductions in pension expense in future periods.

The Balance Sheet - Governmental Funds also reports deferred inflows of resources for unavailable revenue.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Village's Police, Firefighters', IMRF, SLEP and ECO pension plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Fund Equity/Net Position

There are five classifications of fund balance:

- (1) Nonspendable – amounts that are not in spendable form (such as inventory or noncurrent advances to other funds) or are required to be maintained intact.
- (2) Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- (3) Committed – amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority (the passage of an ordinance). To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action (the passage of another ordinance) to remove or change the constraint.
- (4) Assigned – amounts a government intends to use for a specific purpose. Intent can be expressed by the Finance Director.
- (5) Unassigned – amounts that are available for any purpose. These amounts are only reported in the General Fund.

Fund balance is displayed in the order of the relative strength of the spending constraints placed on the purposes for which resources can be used.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

O. Fund Equity/Net Position (Cont.)

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

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances for any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restriction imposed by creditors, grantors, laws or regulations of other governments.

The Village did not report any committed or assigned fund balance at April 30, 2017.

The following funds had a deficit in fund balance/net position as of April 30, 2017:

Fund	Deficit Balance
Refuse and Recycling Fund	\$ 2,333,208
Internal Service Fund	12,060,937
Community Development Block Grant Fund (Nonmajor Special Revenue)	403
Road and Bridge Fund (Nonmajor Special Revenue)	311,114
2002 Bond Fund (Nonmajor Capital Projects)	1,399,856

P. Accounting Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

Q. Interfund Transactions

The Village has the following types of transactions between funds:

Loans are amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings, and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide Statement of Net Position, except for amounts between similar activities, which have been eliminated.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

1. Summary of Significant Accounting Policies (Cont.)

Q. Interfund Transactions (Cont.)

Services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund Balance Sheets or as internal balances in the government-wide Statement of Net Position.

Reimbursements are repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers are flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after nonoperating revenues and expenses.

R. Implementation of New Accounting Standard

In 2017, the Village adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires state and local governments to measure investments at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. See Notes 2 and 10 for the related disclosures.

The Village also adopted GASB Statement No. 77, *Tax Abatement Disclosures*, in 2017 which requires certain disclosures related to tax abatement agreements. A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Required disclosures include:

- Descriptions of the tax abatement programs in place.
- Gross dollar amount by which tax revenues were reduced for the period.
- Any other commitments made under tax abatement agreements.

See Note 6 for the related disclosures.

2. Deposits and Investments

State statutes authorize the Village to make deposits and investments in obligations of the United States Treasury and certain of its agencies, federally insured commercial banks, insured credit unions located within the State, repurchase agreements, short-term obligations (180 days) of corporations organized in the U.S. with assets exceeding \$500 million and rated within the three highest classifications by at least two standard rating

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

2. Deposits and Investments (Cont.)

services at the time of purchase, a Public Treasurer's Investment Pool created under Section 17 of the *State Treasurer Act*, a fund managed, operated and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company, obligations of the State of Illinois and its political subdivisions and money market mutual funds registered under the *Investment Company Act of 1940*, provided the portfolio of such funds is limited to obligations described above. Pension funds may also invest in certain non-U.S. obligations and Illinois life insurance company general and separate accounts and domestic equities.

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Illinois State Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC but does operate in a manner consistent with Rule 2a7of the *Investment Company Act of 1940* and has an affirmed AAAM Standard & Poor's credit quality rating. The fair value of the positions in the pool is the same as the value of the pool shares. The yield on the Fund was .77% at April 30, 2017. The Fund issues a publicly available financial report. That report may be obtained by writing to the Office of the State Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702.

The Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is 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 the share price, the price for which the investment could be sold. IMET issues a publicly available financial report. That report may be obtained at www.investimet.com or by writing IMET, 1220 Oak Brook Road, Oak Brook, Illinois 60523.

A. Deposits

The carrying amount of cash deposits at financial institutions, excluding the Pension Trust and Agency Funds, was \$17,067,125 at April 30, 2017, while the bank balances were \$19,275,949. All of the bank balances, except for \$2,415,055, were either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities of the U.S. government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent. Cash on hand at April 30, 2017, was \$13,576.

At April 30, 2017, the Weber Road TIF Agency Fund's carrying amount of cash and cash equivalents and the related bank balances were \$347,571. \$97,475 of the bank balance was not insured by the FDIC nor collateralized with securities of the U.S. government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

Certificates of Deposit

Certificates of deposits, excluding the Pension Trust Funds, totaled \$7,769,746 at April 30, 2017. The certificates of deposits, except for \$34,813 from the Village certificates of deposit, were fully collateralized.

B. Investments (Excluding Pension Trust Funds)

Statutes authorize the Village to make deposits or invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or by agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds. Pension funds

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

2. Deposits and Investments (Cont.)

B. Investments (Excluding Pension Trust Funds) (Cont.)

may also invest in certain non-U.S. obligations, Illinois municipal corporation's tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivision, stocks, mutual funds and Illinois insurance companies' general and separate accounts.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Village's investments at April 30, 2017. Disclosures pertaining to the Pension Funds' investments are found in Note 10.

Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
IMET	\$ 734,917	734,917			
U.S. Treasury Securities	6,231,199	2,666,884		3,564,315	
Federal Farm Credit Bank	2,074,029	604,704		1,469,325	
Federal National Mortgage Association	3,254,045	499,749	696,767	2,057,529	
Federal Home Loan Bank	2,070,976	1,084,331	986,645		
Federal Home Loan Mortgage Corporation	3,630,370	1,644,560	928,180	136,358	921,272
Government National Mortgage Association	3,764,175				3,764,175
Other Government Backed Securities	10,146,163	496,900	9,649,263		
Total Investments	31,905,874	6,997,128	12,260,855	7,227,527	4,685,447
Investments Not Sensitive to Interest Rate Risk -					
Illinois Funds	19,882,294				
Money Market Funds	15,726,048				
	<u>\$ 67,514,216</u>				

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village's investment policy does not specifically address interest rate risk. However, the Village structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations and special projects, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter term securities, money market mutual funds or similar investment pools.

Credit Risk – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

2. Deposits and Investments (Cont.)

B. Investments (Excluding Pension Trust Funds) (Cont.)

The Village's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments.

Credit ratings for the Village's investments in debt securities as rated by Standard & Poor's and Moody's at April 30, 2017, are as follows:

<u>Investment Type</u>	<u>Standard and Poor's Rating</u>	<u>Moody's Rating</u>
Federal Farm Credit Bank	AA+	AAA/Aaa
Federal National Mortgage Association	AA+	AAA/Aaa
Federal Home Loan Bank	AA+	AAA/Aaa
Federal Home Loan Mortgage Corporation	AA+	AAA/Aaa
Government National Mortgage Association	AA+	AAA/Aaa
Municipal Bonds	AA to A	Aa1 to Aa3

Investment Valuation – 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs for an asset or liability.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

2. Deposits and Investments (Cont.)

B. Investments (Excluding Pension Trust Funds) (Cont.)

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2017:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 6,231,199		6,231,199	
U.S. Agencies	14,793,595		14,793,595	
Municipal Bonds	10,146,163		10,146,163	
	<u>31,170,957</u>	-	<u>31,170,957</u>	-
Equity Securities				
Money Market Funds	15,726,048	15,726,048		
	<u>\$ 46,897,005</u>	<u>15,726,048</u>	<u>31,170,957</u>	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying Statement of Net Position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended April 30, 2017.

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Custodial Credit Risk – For investments, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Village’s investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

2. Deposits and Investments (Cont.)

B. Investments (Excluding Pension Trust Funds) (Cont.)

Village Cash Deposits	\$ 17,067,125
Village Cash on Hand	13,576
Village Certificates of Deposits	7,769,746
Village Investments	31,170,957
Village Money Market Funds	15,726,048
Village IMET	734,917
Village Illinois Funds	19,882,294
Agency Fund Cash Deposits	347,571
Police Pension Cash Deposits	691,715
Firefighters' Pension Cash Deposits	4,135,907
Police Pension Fund Investments	59,290,332
Firefighters' Pension Fund Investments	<u>43,478,518</u>
Total per Footnote	<u><u>\$ 200,308,706</u></u>
Cash, Cash Equivalents and Investments per Statement of Net Position	\$ 71,884,467
Restricted Cash per Statement of Net Position	20,480,196
Agency Fund Cash	347,571
Pension Cash and Investments	<u>107,596,472</u>
	<u><u>\$ 200,308,706</u></u>

3. Property Taxes

Property taxes for 2016 attach as an enforceable lien on January 1, 2016, 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 issued on or about May 1, 2017, and are payable in two installments on or about June 1, 2017 and September 1, 2017. The County collects such taxes and remits them periodically. The property tax revenue in the current year financial statements represents collection of the 2015 property tax levy.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

4. Capital Assets

A. Governmental Activities

A summary of changes in capital assets for governmental activities of the Village is as follows:

	Balances May 1	Additions/ Tranfers	Deletions/ Transfers	Balances April 30
Capital Assets Not Being Depreciated				
Land	\$ 186,116,608			186,116,608
Construction in Progress	4,008,131	449,418	887,378	3,570,171
	<u>190,124,739</u>	<u>449,418</u>	<u>887,378</u>	<u>189,686,779</u>
Capital Assets Being Depreciated				
Land Improvements	14,659,455	1,594,024		16,253,479
Infrastructure	152,964,195	1,778,975		154,743,170
Buildings	45,516,421	98,353		45,614,774
Machinery and Equipment	19,352,343	941,990	230,697	20,063,636
	<u>232,492,414</u>	<u>4,413,342</u>	<u>230,697</u>	<u>236,675,059</u>
Accumulated Depreciation	<u>(114,927,214)</u>	<u>(8,259,590)</u>	<u>212,356</u>	<u>(122,974,448)</u>
Total Capital Assets Being Depreciated, Net	<u>117,565,200</u>	<u>(3,846,248)</u>	<u>18,341</u>	<u>113,700,611</u>
Governmental Activities Capital Assets, Net	<u>\$ 307,689,939</u>	<u>(3,396,830)</u>	<u>905,719</u>	<u>303,387,390</u>

B. Business-Type Activities

A summary of changes in capital assets for business-type activities of the Village is as follows:

	Balances May 1	Additions/ Tranfers	Deletions/ Transfers	Balances April 30
Capital Assets Not Being Depreciated				
Land	\$ 48,380,472			48,380,472
Construction in Progress	24,617,484	1,529,525	8,035,099	18,111,910
	<u>72,997,956</u>	<u>1,529,525</u>	<u>8,035,099</u>	<u>66,492,382</u>
Capital Assets Being Depreciated				
Land Improvements	1,985,732	7,946,804		9,932,536
Infrastructure	135,248,442	2,341,854		137,590,296
Buildings	43,155,735	19,820		43,175,555
Equipment	15,424,565	182,783	105,000	15,502,348
Vehicles	1,239,649			1,239,649
	<u>197,054,123</u>	<u>10,491,261</u>	<u>105,000</u>	<u>207,440,384</u>
Accumulated Depreciation	<u>(83,170,799)</u>	<u>(4,089,768)</u>	<u>105,000</u>	<u>(87,155,567)</u>
Total Capital Assets Being Depreciated, Net	<u>113,883,324</u>	<u>6,401,493</u>	<u>-</u>	<u>120,284,817</u>
Business-Type Activities Capital Assets, Net	<u>\$ 186,881,280</u>	<u>7,931,018</u>	<u>8,035,099</u>	<u>186,777,199</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

4. Capital Assets (Cont.)

C. Depreciation Charged to Functions/Activities

Depreciation was charged to functions/activities as follows:

	Governmental Activities	Business-type Activities
General Government	\$ 286,743	
Public Safety	1,277,853	
Public Works	6,694,994	
Waterworks and Sewerage		3,047,165
Westside Regional Stormwater Airport		704,516
		338,087
	<u>\$ 8,259,590</u>	<u>4,089,768</u>

D. Commitments

The Village has certain contracts for construction projects which were in progress as of April 30, 2017. The remaining commitments are as follows:

Fire Station 3 Rehab	\$ 19,175
Rodeo Dr & Plainfield Rd Improvement	31,671
Rodeo Dr Roundabout	2,118
Phase IV IBWRF STP #3	247,242
Americana Estates Infrastructure Improvements	36,426

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

5. Long-Term Obligations

The following is a summary of changes to the Village's long-term debt for the fiscal year:

A. General Obligation/Capital Appreciation Bonds

	Obligation Outstanding May 1	Debt Additions	Interest Accretion	Reductions	Obligation Outstanding April 30	Due Within One Year
<i>Governmental Activities</i>						
1999C Capital Appreciation Bonds	\$ 32,405,754		1,719,152	1,530,000	32,594,906	1,860,000
2002B Capital Appreciation Bonds	32,425,592		1,956,380	435,000	33,946,972	620,000
2007 General Obligation Bonds	41,815,000				41,815,000	
2010A General Obligation Bonds	23,200,000				23,200,000	
2010B General Obligation Bonds	3,445,000			440,000	3,005,000	545,000
2013A General Obligation Current Interest Bonds	7,255,000				7,255,000	
2013A General Obligation Capital Appreciation Bonds	26,509,222		1,396,709		27,905,931	
2014A General Obligation Current Interest Bonds	55,440,000			1,755,000	53,685,000	1,210,000
Bond Discount	(149,525)			(14,775)	(134,750)	
Bond Premium	3,435,792			176,771	3,259,021	
Compensated Absences	5,577,639	2,964,884		2,746,815	5,795,708	2,926,846
Net Pension Liability - Police	62,137,066	519,945		5,624,946	57,032,065	
Net Pension Liability - Firefighters'	47,412,731	3,967,007		4,451,055	46,928,683	
Net Pension Liability - IMRF	6,674,005			988,591	5,685,414	
Net Other Postemployment Benefit Obligation	10,458,492	3,185,999		1,394,495	12,249,996	
Totals	\$ 358,041,768	10,637,835	5,072,241	19,527,898	354,223,946	7,161,846
<i>Business-Type Activities</i>						
Capital Leases Payable	\$ 343,244			197,910	145,334	50,289
Compensated Absences	142,879	106,054		75,926	173,007	104,179
Net Pension Liability - IMRF	920,174	8,692		128,711	800,155	
Totals	\$ 1,406,297	114,746	-	402,547	1,118,496	154,468

On March 3, 2010, the Village issued \$23,200,000 of General Obligation Refunding Bonds, Series 2010A. The balance outstanding at April 30, 2017, is \$23,200,000. The bonds are to be retired in annual installments ranging from \$770,000 to \$3,485,000 commencing January 1, 2022, and continuing through January 1, 2035. Interest is payable semiannually at rates ranging from 4.00% to 5.00%. The bonds are payable from the Debt Service Fund.

On March 3, 2010, the Village issued \$4,235,000 of General Obligation Bonds, Series 2010B. The balance outstanding at April 30, 2017, is \$3,005,000. The bonds are to be retired in annual installments ranging from \$260,000 to \$975,000 commencing January 1, 2015, and continuing through January 1, 2021. Interest is payable semiannually at rates ranging from 3.25% to 4.00%. The bonds are payable from the Debt Service Fund.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

5. Long-Term Obligations (Cont.)

A. General Obligation/Capital Appreciation Bonds (Cont.)

On December 27, 2007, the Village issued \$41,815,000 of General Obligation Bonds, Series 2007. The bonds are to be retired in annual installments ranging from \$3,880,000 to \$5,365,000, beginning January 1, 2029 through January 1, 2037. Interest is payable semiannually at 5.00%. The bonds are payable from the Debt Service Fund.

On April 1, 2002, the Village issued \$60,719,292 of General Obligation Corporate Purpose Capital Appreciation Bonds. On June 15, 2006, a portion of these bonds totaling \$35,385,000 was refunded with proceeds from the General Obligation Bonds, Series 2006A. On March 3, 2010, a portion of the bonds totaling \$3,405,000 was refunded with proceeds from the General Obligation Refunding Bonds Series 2010A. On June 6, 2013, a portion of the bonds totaling \$12,485,730 was refunded with proceeds from the General Obligation Refunding Bonds, Series 2013A. The remaining outstanding bonds totaling \$33,946,972 at April 30, 2017, are to be retired in annual installments ranging from \$15,000 to \$15,085,000, beginning January 1, 2015, and continuing through January 1, 2034. Interest accrues and is added to the principal balance due semiannually at rates ranging from 5.42% to 6.03%. The bonds are payable from the Debt Service Fund.

On May 1, 1999, the Village issued \$14,345,924 of Capital Appreciation Bonds, Series 1999C. The bonds, totaling \$32,405,754 at April 30, 2017, are to be retired in annual installments ranging from \$935,000 to \$6,730,000, beginning January 1, 2015 through January 1, 2029. Interest accrues semiannually and is added to the principal balance due at rates ranging from 5.1% to 5.4%. The bonds are payable from the Debt Service Fund.

On June 6, 2013, the Village issued \$29,899,257 of General Obligation Refunding (Current Interest and Capital Appreciation) Bonds, Series 2013A. The remaining outstanding bonds totaling \$33,764,222 at April 30, 2016, are to be retired in annual installments ranging from \$50,000 to \$22,300,000, beginning January 1, 2019 through January 1, 2037. Interest is payable semiannually and is added to the principal balance due at rates ranging from 3.00% to 5.00%. The bonds are payable from the Debt Service Fund. Additional information regarding this refunding can be found in Note 5.E.

On December 29, 2014, the Village issued \$57,045,000 of General Obligation Refunding Bonds, Series 2014A. The outstanding bonds totaling \$55,440,000 at April 30, 2016, are to be retired in annual installments ranging from \$405,000 to \$19,210,000, beginning January 1, 2016 through January 1, 2038. Interest is payable semiannually at rates ranging from 2.00% to 5.00%. The bonds are payable from the Debt Service Fund. Additional information regarding this refunding transaction can be found in Note 5.E.

B. Compensated Absences

Compensated absences will be paid as they come due. These represent amounts outstanding for sick and vacation time at April 30, 2017, and will be paid from the fund where the employee's salary is paid.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

5. Long-Term Obligations (Cont.)

C. Debt Service Requirements to Maturity – General Obligation Bonds

Annual debt service requirements to maturity for all governmental bond issues, excluding capital appreciation bonds, are as follows:

<u>Due in Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 1,755,000	5,949,578	7,704,578
2019	1,265,000	5,886,355	7,151,355
2020	2,765,000	5,835,407	8,600,407
2021	2,975,000	5,699,846	8,674,846
2022	3,195,000	5,553,981	8,748,981
2023-2027	17,795,000	25,204,444	42,999,444
2028-2032	36,400,000	19,863,306	56,263,306
2033-2037	48,165,000	10,737,014	58,902,014
2038	14,645,000	585,800	15,230,800
	<u>\$ 128,960,000</u>	<u>85,315,731</u>	<u>214,275,731</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

5. Long-Term Obligations (Cont.)

C. Debt Service Requirements to Maturity – General Obligation Bonds (Cont.)

Future payments and annual accretions for the Capital Appreciation Bonds for each of the next five fiscal years and in five-year increments thereafter are as follows:

Fiscal Year Ending April 30,	Series 1999C		Series 2002B	
	Accretion	Principal	Accretion	Principal
2018	\$ 1,722,140	1,860,000	2,044,985	620,000
2019	1,706,221	2,215,000	2,127,321	820,000
2020	1,669,514	2,595,000	2,203,292	1,030,000
2021	1,609,334	3,005,000	2,267,715	1,260,000
2022	1,523,046	3,430,000	2,323,914	1,505,000
2023-2027	5,176,653	24,765,000	11,897,090	13,995,000
2028-2032	308,186	8,440,000	9,186,109	25,085,000
2033-2037			1,522,602	23,205,000
	<u>\$ 13,715,094</u>	<u>46,310,000</u>	<u>33,573,028</u>	<u>67,520,000</u>
Accreted Value at April 30, 2017		<u>32,594,906</u>		<u>33,946,972</u>

Fiscal Year Ending April 30,	2013A		Total Capital Appreciation Bonds	
	Accretion	Principal	Accretion	Principal
2018	\$ 1,470,246		5,237,371	2,480,000
2019	1,547,678		5,381,220	3,035,000
2020	1,629,703		5,502,509	3,625,000
2021	1,715,280		5,592,329	4,265,000
2022	1,805,660		5,652,620	4,935,000
2023-2027	10,561,219		27,634,962	38,760,000
2028-2032	12,417,516	12,300,000	21,911,811	45,825,000
2033-2037	7,446,767	54,200,000	8,969,369	77,405,000
	<u>\$ 38,594,069</u>	<u>66,500,000</u>	<u>85,882,191</u>	<u>180,330,000</u>
Accreted Value at April 30, 2017		<u>27,905,931</u>		<u>94,447,809</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

5. Long-Term Obligations (Cont.)

D. Junior Lien Tax Increment Variable Rate Demand Revenue Bonds – Noncommitment Debt

The Village issues bonds where it pledges incremental tax income derived from a separately created Weber Road Tax Increment Financing District.

On October 5, 2005, the Village issued \$8,880,000 of Tax Increment Revenue Variable Rate Demand Revenue bonds. The bonds are to be retired in annual installments ranging from \$550,000 to \$1,045,000, beginning January 1, 2016 through January 1, 2025. Interest is payable semiannually at a variable rate.

At the discretion of the Village, with the consent of the developer and the bank, the Series 2005 bonds may bear interest at a weekly or flexible mode period. The length of the flexible mode will be set by the Village and must: (a) be at least one month long and (b) end on the day preceding the first business day of a calendar month (or the final maturity of the Series 2005 bonds if the flexible period extends to the final maturity date), interest on the Series 2005 bonds in a weekly mode is payable on the first business day of each month. Interest on the Series 2005 bonds in a flexible mode period of at least six calendar months is payable on: (a) the first day of the sixth calendar month following, but including the month of, the conversion date, (b) the first day of each successive sixth calendar month and (c) the business day following the end of such flexible period (or the final maturity of the Series 2005 bonds if the flexible period extends to the final maturity of the Series 2005 bonds). If a flexible mode period is shorter than six calendar months, interest is payable on the first business day of the calendar month immediately following the flexible mode period (or the final maturity of the Series 2005 bonds if the flexible period extends to the final maturity of the Series 2005 bonds). If applicable, interest is also payable on any date on which the Series 2005 bonds may become due.

The Village has appointed a remarketing agent for the Series 2005 bonds that resets the interest rate on the Series 2005 bonds based on current market conditions and the length of the flexible mode period. The remarketing agent uses its best efforts to resell the Series 2005 bonds at favorable interest rates following either an optional or mandatory tender.

In the event the remarketing agent is unable to resell the Series 2005 bonds, the Village has obtained an irrevocable direct pay letter of credit (LOC) supporting the payment of the Series 2005 bonds which may be drawn upon to pay interest in the amount of \$31,195, and to pay principal for a stated amount of \$3,015,000. The LOC securing the Series 2005 bonds terminates, unless extended, on the earliest of September 28, 2012, or upon redemption of the Series 2005 bonds. As of April 30, 2017, there were no amounts drawn and the amount of \$3,041,020 was outstanding on the LOC for the Series 2005 bonds.

The variable interest rate is based on the Bond Market Association Municipal Swap Index. The bonds are payable from the Weber Road TIF Debt Service Fund. At April 30, 2017, there were \$6,800,000 bonds payable outstanding. These bonds are not an obligation of the Village and are secured only by the incremental revenues generated by the district. The Village does collect taxes and makes payments on behalf of the Developer at the request of the Developer.

E. Advance Refunding – General Obligation Bonds

In prior years, the Village defeased \$42,820,000 of the General Obligation Series 2006A Bonds and \$15,321,623 of the General Obligation Series 2006B Bonds by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings for the investment are sufficient to

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

5. Long-Term Obligations (Cont.)

E. Advance Refunding – General Obligation Bonds (Cont.)

fully service the defeased debt until the debt matures. For financial reporting purposes, the debt has been considered defeased; therefore, the above listed debt was removed from the Village's financial statements. The outstanding balance as of April 30, 2017, for the Series 2006A bonds was \$42,820,000 and for the 2006B Series bonds was \$7,552,382.

In prior years, the Village defeased \$4,661,141 of the General Obligation Series 1997 and \$5,500,000 of the General Obligation Series 1999A by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings for the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt has been considered defeased; therefore, the above listed debt was removed from the Village's financial statements. The outstanding balance as of April 30, 2017, for the Series 1997 bonds was \$4,505,000 and for the 1999A Series bonds was \$5,500,000.

In prior years, the Village defeased \$35,385,000 of the General Obligation Series 2002A by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings for the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt has been considered defeased; therefore, the above listed debt was removed from the Village's financial statements. The outstanding balance as of April 30, 2017, for the Series 2002A bonds was \$35,385,000.

In the prior years, the Village defeased \$5,937,136 of the General Obligation Series 1999B debt by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings for the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt has been considered defeased; therefore, the above listed debt was removed from the Village's financial statements. The outstanding balance as of April 30, 2017, for the Series 1999B bonds was \$5,937,136.

F. Special Service Area Bonds

During fiscal year 2003, the Village issued \$4,530,000 Special Tax Bonds, Series 2003A and \$11,000,000 Special Tax Bonds, Series 2002. These bonds were issued to finance the Bloomfield West Project (Special Service Area No. 2001-2) and the Augusta Village Project (Special Service Area No. 2002-1). These bonds are not general obligations of the Village and neither the full faith and credit nor the general taxing power of the Village is pledged to the payment of these bonds.

G. Capital Leases Payable

On April 25, 2013, the Village entered into a lease-purchase agreement for a new phone system. The lease will expire in fiscal year 2018 and requires future minimum payments of \$4,854. The asset under the capital lease in the amount of \$25,987 was capitalized in fiscal year 2013. As of April 30, 2017, the accumulated depreciation balance related to this asset is \$11,694.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

5. Long-Term Obligations (Cont.)

G. Capital Leases Payable (Cont.)

On October 21, 2014, the Village entered into a lease-purchase agreement for lawn mowers for the golf course. The lease will expire in fiscal year 2020. The assets under the capital lease in the amount of \$225,127 were capitalized at the inception of the lease. As of April 30, 2017, the accumulated depreciation balance relating to these assets is \$22,513. Total principal due as of April 30, 2017, is \$140,480 with payments of \$45,435, \$46,813 and \$48,232 due in fiscal years 2018, 2019 and 2020, respectively.

6. Commitments, Development Agreements and Contingent Liabilities

The Village has three sales tax incentive agreements, under which the Village has agreed to reimburse local businesses and developers a portion of the Village's home rule sales tax revenues generated by the business. According to 65 ILCS 5/8-11-20, the Village may enter into an economic incentive agreement relating to the development or redevelopment of land within the corporate limits of the municipality. The agreement is made to rebate any portion of the retailer's occupational taxes received by the Village that were generated by the development or redevelopment over a finite period of time. Each incentive agreement was negotiated on an individual basis and approved by Board Resolution.

The Village's liability under the sales tax incentive agreements as of April 30, 2017, amounted to \$3,177,505 and has been reported in the General Fund. The Village has elected to disclose all such agreements on the Statement of Net Position as Sales Tax Rebate Payable. The total expense incurred under these agreements amounted to \$4,953,019 for the year ended April 30, 2017. The agreements expire at various times through 2032.

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. However, the Village expects such amounts, if any, to be immaterial.

The Village enters into contractual commitments for various construction projects throughout the year as budgeted for annually.

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

7. Lease Agreement

The Village is the lessor in an agreement to lease a Village-owned building to American Sports, Ltd. for the operation of the Rocket Ice Arena. Under the agreement, the Village receives 1% of gross revenues of the Arena. During the current fiscal year, the Village received \$23,029 from the agreement. The agreement extends through June 1, 2024. Subsequent to June 1, 2024, the lease payment will increase to 3% of gross revenues.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

8. Risk Management

The Village is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or natural disasters. The Village has purchased general liability insurance and workers' compensation insurance from private insurance companies. Premiums for these coverages have been reported as expenditures or expenses in the appropriate funds. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There was no significant reduction in insurance coverage during the fiscal years ended April 30, 2017, 2016 and 2015.

The Village has established a Self-Insurance Fund (internal service fund): one sub-fund is for workers' compensation claims prior to May 1, 1998, and one sub-fund is for medical risks. The Village has also purchased excess coverage policies.

Liabilities of the funds are reported when it is probable that a loss has occurred and that the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts and other economic and social factors. Changes in the balances of claims liabilities during the past three fiscal years are as follows:

	2017	2016	2015
Claims Payable, Beginning of Year	\$ 394,176	323,893	335,225
Incurred Claims (Including IBNRs)	7,043,289	7,370,118	7,298,484
Claims Payable	<u>(7,170,414)</u>	<u>(7,299,835)</u>	<u>(7,309,816)</u>
Claims Payable, End of Year	<u>\$ 267,051</u>	<u>394,176</u>	<u>323,893</u>

The Village has also established a limited self-insurance program for general liability claims. The Village is self-insured for the first \$50,000 for liability claims. Commercial insurance is carried for amounts in excess of the self-insured amounts. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance coverage for the current year. The Village's self-insurance activities for general liability are reported in the General Fund and governmental activities.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Reported liabilities are actuarially determined and include an amount for claims that have been incurred but not reported.

A reconciliation of general claims liability for the past three fiscal years follows:

	2017	2016	2015
Claims Payable, Beginning of Year	\$ 259,658	229,288	207,441
Claims Incurred	261,580	479,378	239,143
Claim Payments	<u>(31,923)</u>	<u>(449,008)</u>	<u>(217,296)</u>
Claims Payable, End of Year	<u>\$ 489,315</u>	<u>259,658</u>	<u>229,288</u>

Pursuant to State Statute, the Village is required to pay 100% of the health insurance premium for disabled pensioners for life. See additional information regarding Other Postemployment Benefits in Note 12.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

9. Interfund Transactions

A. Due From/to Other Funds

Receivable Fund	Payable Fund	Due From
General	Refuse and Recycling	\$ 1,113,945
Waterworks and Sewerage	General	200
Police Pension	General	2,277,749
Police Pension	Debt Service	191,717
Police Pension	Refuse and Recycling	927,588
Fire Pension	General	1,801,871
Fire Pension	Debt Service	899,717
	Total Fiduciary Funds	<u>6,098,642</u>
		<u>\$ 7,212,787</u>

The outstanding balances between funds result mainly from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) collections of revenues in a fund not yet transferred to the fund where it is recognized.

B. Advances From/to Other Funds

Receivable Fund	Payable Fund	Due From
General	Waterworks and Sewerage	\$ 3,747,202
General	Westside Regional Stormwater	4,721,397
General	Airport	1,221,193
General	Internal Service	13,658,936
General	Nonmajor Governmental	5,170,392
	Total General Fund	<u>28,519,120</u>
2007 Bond	General	1,024,472
Debt Service	Airport	2,289,221
Internal Service	General	991,254
Nonmajor Governmental	Westside Regional Stormwater	20,751
Nonmajor Governmental	Airport	294,237
	Total Nonmajor Governmental	<u>314,988</u>
		<u>\$ 33,139,055</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

9. Interfund Transactions (Cont.)

B. Advances From/to Other Funds (Cont.)

Significant advance balances include the Health Insurance Sub-Fund of \$13,658,936. The Village is self-insured and pays all medical and dental claims after a stop loss per employee. The stop loss for the calendar year 2017 was at \$90,000. Although the employee contributes via monthly premiums, the actual claims have exceeded the employee and employer premiums and the \$13,658,936 is a cumulative balance since inception of the self-insured plan.

Other advances are due to the timing of reimbursements to or from the General Corporate Fund not made as of April 30, 2017, or advances that are longer term.

C. Transfers

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		509,318
Nonmajor Governmental Fund Americana Estates	\$ 142,000	10,561,796
Westside Regional Stormwater Airport	10,916,796 12,318	
	<u>\$ 11,071,114</u>	<u>11,071,114</u>

Significant interfund transfers include a transfer of \$10,561,796 from the Americana Estates Fund to the Westside Regional Stormwater Fund to consolidate the Americana Estates and former Golf Course Fund and \$355,000 to the Westside Regional Stormwater Fund from the General Fund to fund operating expenses.

10. Defined Benefit Pension Plans

The Village provides retirement benefits to its employees under five defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer defined benefit pension plan; the IMRF-Sheriff's Law Enforcement Personnel Fund (SLEP), an agent multiple-employer defined benefit pension plan, the Elected County Officials Fund (ECO), an agent multiple-employer defined benefit pension plan, the Police Pension Plan, a single-employer defined benefit pension plan and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all five plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. The Police and Firefighters' Pension Plans do not issue separate reports on the pension plans. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report may be obtained online at www.imrf.org.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

The aggregate totals for all pension items for the five plans are as follows. The SLEP and ECO plans have been combined with IMRF in the table due to the small size of the pension items. Allocations to the governmental and business-type activities are based on covered payroll.

	Governmental Activities	Business-Type Activities*	Total Village
Net Pension Liability			
IMRF	\$ 5,685,414	800,155	6,485,569
Police	57,032,065		57,032,065
Firefighters	46,928,683		46,928,683
	<u>\$ 109,646,162</u>	<u>800,155</u>	<u>110,446,317</u>
Deferred Outflows of Resources			
IMRF	\$ 2,741,560	402,052	3,143,612
Police	11,942,623		11,942,623
Firefighters	7,817,157		7,817,157
	<u>\$ 22,501,340</u>	<u>402,052</u>	<u>22,903,392</u>
Deferred Inflows of Resources			
IMRF	\$ 408,340	61,016	469,356
Police	10,489,491		10,489,491
Firefighters	3,342,599		3,342,599
	<u>\$ 14,240,430</u>	<u>61,016</u>	<u>14,301,446</u>
Pension Expense			
IMRF	\$ 905,108	153,755	1,058,863
Police	6,157,858		6,157,858
Firefighters	6,406,202		6,406,202
	<u>\$ 13,469,168</u>	<u>153,755</u>	<u>13,622,923</u>

*Same amounts are also reported in the proprietary fund statements.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund

Plan Description

The Village's defined benefit pension plan for Regular employees (other than those covered by the Police or Firefighters' Pension Plans), provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Village maintains accounts for Regular employees, for Sheriff's Law Enforcement Personnel (SLEP) which provides benefits to former police employees and for elected county officials (ECO). A summary of IMRF's pension benefits is provided in the "Benefits Provided" described below. Details of all benefits are available from IMRF. The Illinois Pension Code establishes the benefit provisions of the plan which can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/ or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Benefits Provided

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after 8 years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with 8 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. Members receive an annual 3% increase based upon the original amount of the annuity.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 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. Members receive an annual increase based upon the original amount of the annuity of 3% or one-half of the increase in the consumer price index, whichever is less. These benefit provisions and all other requirements are established by state statute.

The Sheriff's Law Enforcement Personnel Fund (SLEP) members, having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after July 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earnings rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. Members receive an annual increase based upon the original amount of the annuity of 3% or one-half of the increase in the consumer price index, whichever is less. These benefit provisions and all other requirements are established by State statutes. For the SLEP Plan, members are required to contribute 7.50% of their annual covered salary.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Benefits Provided (cont.)

In previous fiscal years, the Village has made contributions to the Elected County officials Fund (ECO) which is also administered by IMRF, an agent multiple-employer public employee retirement system. The Village no longer has active employees participating in the plan and therefore made no contributions to the plan in the current fiscal year. Remaining activity in the plan is associated with retirees and beneficiaries.

Employees Covered by Benefit Terms

At December 31, 2016, the measurement date for the net pension liability, the following employees were covered by the benefit terms:

	Regular	SLEP
Retirees and Beneficiaries Currently Receiving Benefits	138	1
Terminated Employees Entitled to But Not Yet Receiving Benefits	89	1
Current Employees	110	
	<u>337</u>	<u>2</u>

Contributions

As set by statute, employees participating in the IMRF plan are required to contribute 4.50% of their annual covered salary. The member rate is also established by State statute. The Village is required to contribute at an actuarially determined rate. The employer annual required contribution rate for calendar year 2016 was 11.71%. For the year ended April 30, 2017, the Village contributed \$970,193 to the plan. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. For the SLEP Plan, members are required to contribute 7.50% of their annual covered salary. The employer rate for calendar year 2016 was 13.35%. For the year ended April 30, 2017, the Village contributed \$47,851 to the SLEP Plan.

Net Pension Liability

The Village's net pension liability as of April 30, 2017, was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Actuarial Assumptions

The following are the methods and assumptions used to determine the net pension liability as of April 30, 2017:

Actuarial Valuation Date	December 31, 2016
Measurement Date	December 31, 2016
Actuarial Cost Method	Entry-age Normal
Assumptions	
Price Inflation	2.75%
Salary Increases	3.75% - 14.50%, Including Inflation
Investment Rate of Return	7.50% (Regular), (SLEP) & (ECO)
Asset Valuation Method	Market Value of Assets

Retirement age is based on Experienced-Based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

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

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Investments

The long-term expected rate of return on pension plan investments of 7.50% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The long-term expected rate of return on pension plan investments of 7.50% was determined using a target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equities	38%	6.85%
International equities	17%	6.75%
Fixed income	27%	3.00%
Alternative investments	9%	2.65% - 7.35%
Real estate	8%	5.75%
Short-term	1%	2.25%
	<u>100%</u>	

Discount Rate

A single discount rate (SDR) of 7.50% (7.48% in prior year) for the Regular Plan, 7.50% (6.61% in prior year) for the SLEP Fund, and 7.50% (same as prior year) for the ECO Fund was used to measure the total pension liability. The projection of cash flows used to determine the SDR assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Regular, SLEP and ECO Plans' fiduciary net position were all projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the expected rate of return on plan investments for all three plans of 7.50% was used as the discount rate.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Changes in Net Pension Liability – Regular Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, Beginning of Year	\$ 60,098,738	53,020,474	7,078,264
Changes for the Year			
Service Cost	957,523		957,523
Interest	4,445,702		4,445,702
Differences Between Expected and Actual Experience	(505,680)		(505,680)
Changes of Assumptions	(161,684)		(161,684)
Contributions - Employer		990,084	(990,084)
Contributions - Employee		374,003	(374,003)
Net Investment Income		3,616,677	(3,616,677)
Benefit Payments, Including Refunds of Employees' Contributions	(2,285,963)	(2,285,963)	
Other (Net Transfer)		678,324	(678,324)
Net Changes	2,449,898	3,373,125	(923,227)
Balance, End of Year	\$ 62,548,636	56,393,599	6,155,037

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

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Changes in Net Pension Liability – SLEP

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, Beginning of Year	\$ 1,294,563	778,632	515,931
Changes for the Year			
Service Cost			
Interest	82,495		82,495
Differences Between Expected and Actual Experience	(65,205)		(65,205)
Changes of Assumptions	(87,753)		(87,753)
Contributions - Employer		49,097	(49,097)
Contributions - Employee			
Net Investment Income		53,819	(53,819)
Benefit Payments, Including Refunds of Employees' Contributions	(93,074)	(93,074)	
Other (Net Transfer)		12,020	(12,020)
Net Changes	(163,537)	21,862	(185,399)
Balance, End of Year	\$ 1,131,026	800,494	330,532

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Changes in Net Pension Liability – ECO

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, Beginning of Year	\$ 95,122	95,138	(16)
Changes for the Year			
Service Cost			
Interest	7,134		7,134
Differences Between Expected and Actual Experience	(102,256)		(102,256)
Changes of Assumptions			
Contributions - Employer			
Contributions - Employee			
Net Investment Income		7,134	(7,134)
Benefit Payments, Including Refunds of Employees' Contributions			
Other (Net Transfer)		(102,272)	102,272
Net Changes	(95,122)	(95,138)	16
Balance, End of Year	\$ -	-	-

Discount Rate Sensitivity

The following is an analysis of the sensitivity of the Village's net pension liability (asset) to changes in the discount rate. The table below represents the net pension liability (asset) of the Village's Regular Plan, SLEP Fund and ECO Fund calculated using the discount rate of 7.50%, respectively, as well as what the Village's net pension liability would be if it were calculated using discount rates that are one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

Regular Plan

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Village's Net Pension Liability	\$ 14,907,585	6,155,037	(933,653)

SLEP

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Village's Net Pension Liability	\$ 429,817	330,532	244,536

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Discount Rate Sensitivity (cont.)

ECO

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Village's Net Pension Liability (Asset)	\$ -	-	-

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2017, the Village recognized pension expense of \$1,182,734, (\$128,305), and \$4,434 for the Regular Plan, SLEP and ECO, respectively. At April 30, 2017, the Village reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows Related to Pensions	Regular Plan	SLEP	ECO	Total
Differences Between Expected and Actual Experience	\$ 198,202			198,202
Changes of Assumptions	67,516			67,516
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,525,190	34,805	988	2,560,983
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	2,790,908	34,805	988	2,826,701
Pension Contributions Made Subsequent to the Measurement Date	301,791	15,120		316,911
	<u>\$ 3,092,699</u>	<u>49,925</u>	<u>988</u>	<u>3,143,612</u>
Deferred Inflows Related to Pensions	Regular Plan	SLEP	ECO	Total
Differences Between Expected and Actual Experience	\$ 355,644			355,644
Changes of Assumptions	113,712			113,712
Net Differences Between Projected and Actual Earnings on Pension Plan Investments				
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	<u>\$ 469,356</u>	<u>-</u>	<u>-</u>	<u>469,356</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

A. Illinois Municipal Retirement Fund (Cont.)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

At April 30, 2017, the Village reported \$301,791 for the Regular Plan, \$15,120 for SLEP and \$0 for ECO of deferred outflows of resources related to pensions resulting from Village contributions made subsequent to the measurement date that will be recognized as a reduction of net pension liability in the year ended April 30, 2018. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Regular	SLEP	ECO	Total
2018	\$ 799,238	11,377	584	811,199
2019	707,160	11,377	584	719,121
2020	745,009	11,375	586	756,970
2021	70,145	676	(766)	70,055
2022				
	<u>\$ 2,321,552</u>	<u>34,805</u>	<u>988</u>	<u>2,357,345</u>

B. Police Pension

Plan Description and Provisions

Police sworn personnel are covered by the Police Pension Plan, which is a single-employer defined benefit pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Chapter 40 Illinois Compiled Statutes 5 and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The plan does not issue a standalone financial statement.

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension 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% simple interest annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 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

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

B. Police Pension (Cont.)

Benefits Provided (cont.)

the lesser of one-half of the annual change in the Consumer Price Index or 3.00% 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 75.00% of such salary. Employees with at least 10 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 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or one-half of the change in the Consumer Price Index for the proceeding calendar year.

Employees Covered by Benefit Terms

At April 30, 2017, the Police Pension membership consisted of:

Inactive Plan Members Currently Receiving Benefits	60
Inactive Plan Members Entitled But Not Yet Receiving Benefits	12
Active Plan Members	<u>110</u>
	<u><u>182</u></u>

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. By the year 2040, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded. Administrative expenses are generally paid from plan assets. For the year ended April 30, 2017, the Village contributed \$5,624,946 to the Police Pension Plan.

Investment Policy

The deposits and investments of the pension funds are held separately from those of other Village funds. In addition to the aforementioned investments in Note 2, pension funds are also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds and real estate, limited to 10% of the fund's investments.
- Bonds issued by any county, city, township, incorporated town, municipal corporation or school district in Illinois.
- Tax anticipation warrants issued by any city, township, incorporated town or fire protection district in Illinois.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

B. Police Pension (Cont.)

Investment Policy (cont.)

- Equity accounts up to a limit of 45% of the aggregate fair value of the fund's assets.
- Direct obligations of the State of Israel.

In addition, pension funds with net position of \$2.5 million or more may invest up to 35% of plan net position in a separate account of life insurance companies and mutual funds. If pension funds have net position of at least \$5 million and have an appointed investment advisor, the pension funds may, through that investment advisor, invest up to 35% of the plan's net position in common and preferred stocks which meet specific restrictions.

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Fixed Income	60.00%	2.10%
U.S. Large Cap Equities	28.00%	6.90%
U.S. Small Cap Equities	8.00%	9.00%
International Equity	4.00%	7.10%
	<u>100.00%</u>	

The long-term expected rate of return of the Police Pension Fund's investments of 7.00% was determined using an asset allocation study conducted by the Police Pension Fund's investment manager consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2017, are listed in the table above.

Valuation of Investments

All investments in the Plan are stated at fair value and 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.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

B. Police Pension (Cont.)

Valuation of Investments (cont.)

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying Statement of Fiduciary Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2017:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Obligation	\$ 7,590,735		7,590,735	
U.S. Agencies	23,395,180		23,395,180	
Municipal Bonds	3,597,651		3,597,651	
	<u>34,583,566</u>	-	<u>34,583,566</u>	-
Equity Securities				
Common and Preferred Stocks	4,679,590	4,679,590		
Mutual Fund - Equity	20,027,176	20,027,176		
	<u>24,706,766</u>	<u>24,706,766</u>	-	-
	<u>\$ 59,290,332</u>	<u>24,706,766</u>	<u>34,583,566</u>	-

Level 1 Includes quoted prices in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2 Includes inputs other than quoted prices included with Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Includes unobservable inputs for an asset or liability.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

B. Police Pension (Cont.)

Investment Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on the Police Pension Plan investments, net of pension plan investment expense, was 6.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

None of the Police Pension Fund's deposits of \$691,715 with financial institutions were exposed to custodial credit risk, as those deposits were insured, or fully collateralized by investments held by an independent third party in the Village's name.

Interest Rate Risk

As of April 30, 2017, the Police Pension Fund has the following investments and maturities:

	Fair Value	Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
US Treasury Securities	\$ 7,590,735	2,133,434	2,699,760	2,757,541	
Government National Mortgage Association	3,785		3,785		
Federal National Mortgage Association	3,516,863		3,269,731	247,132	
Federal Farm Credit Bank	8,732,313		1,871,596	5,803,442	1,057,275
Federal Home Loan Mortgage Corporation	2,770,900		2,631,184	139,716	
Federal Home Loan Bank	7,988,376	150,032	1,781,840	6,056,504	
Tennessee Valley Authority	382,943		201,276	181,667	
Municipal Bonds	3,597,651	152,357	1,225,749	1,518,585	700,960
Total	34,583,566	2,435,823	13,684,921	16,704,587	1,758,235
Investments Not Sensitive to Interest Rate Risk					
Mutual Funds	20,027,176				
Common and Preferred Stock	4,679,590				
Total Investments	\$ 59,290,332				

The Police Pension Fund's investment policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The objective is the preservation of capital while providing for the long-term growth of principal without undue exposure to risk.

Credit Risk

The Police Pension Fund limits its exposure to credit risk by primarily investing in securities issued by the United States government and/or its agencies that are implicitly guaranteed by the United States government. The investments in securities of the U.S. government and agency obligations were rated AAA by Moody's Investors Service. The investments in municipal bonds were rated Aa3 by Moody's Investors Service.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

B. Police Pension (Cont.)

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 Police Pension 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 Police Pension Fund 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 Police Pension Fund's agency separate from where the investment was purchased. The mutual funds and common stocks are not subject to custodial credit risk.

Net Pension Liability

The Village's net pension liability was measured as of April 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017, using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2017
Measurement Date	April 30, 2017
Actuarial Cost Method	Entry-age Normal
Assumptions	
Inflation	2.50%
Salary Increases	4.00% (Ultimate Rate Graded by Service)
Investment Rate of Return	7.00%
Asset Valuation Method	Market Value of Assets

Mortality rates are based on RP 2014 Base Rates with Blue Collar Adjustment Projected to 2017 with Scale MP 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 Police Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

B. Police Pension (Cont.)

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, Beginning of Year	\$ 119,581,614	57,444,548	62,137,066
Changes for the Year			
Service Cost	1,397,428		1,397,428
Interest	8,807,742		8,807,742
Differences Between Expected and Actual Experience	(11,055,526)		(11,055,526)
Changes of Assumptions	5,915,062		5,915,062
Contributions - Employer		5,624,946	(5,624,946)
Contributions - Employee		1,045,144	(1,045,144)
Net Investment Income		3,593,994	(3,593,994)
Benefit Payments, Including Refunds of Employees' Contributions	(3,960,102)	(3,960,102)	
Administrative Expenses		(94,377)	94,377
Net Changes	1,104,604	6,209,605	(5,105,001)
Balance, End of Year	\$ 120,686,218	63,654,153	57,032,065

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

Discount Rate Sensitivity

The following is an analysis of the sensitivity of the Village's net pension liability to changes in the discount rate. The table below represents the net pension liability of the Village calculated using the discount rate of 7.00% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Village's Net Pension Liability	\$ 76,020,435	57,032,065	41,632,089

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

B. Police Pension (Cont.)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2017, the Village recognized pension expense of \$6,157,858. At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	10,489,491
Changes of Assumptions	9,339,250	
Net Differences Between Projected and Actual Earnings on Plan Investments	2,603,373	
	\$ 11,942,623	10,489,491

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

Year Ending April 30,	Amount
2018	\$ 1,043,176
2019	1,043,176
2020	1,043,175
2021	(601,481)
2022	(813,110)
Thereafter	(261,804)
	\$ 1,453,132

C. Firefighters' Pension

Plan Description and Provisions

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit, single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Chapter 40 Illinois Compiled Statutes 5 and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial statement.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

C. Firefighters' Pension (Cont.)

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 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 firefighter 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. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of one-half of the annual change in the Consumer Price Index or 3.00% 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 75.00% of such salary. Employees with at least 10 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 firefighter shall be increased annually at age 60 on the January 1st after the firefighter 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 3.00% or one-half of the change in the Consumer Price Index for the proceeding calendar year.

Employees Covered by Benefit Terms

At April 30, 2017, the Firefighters' Pension Plan membership consisted of:

Inactive Plan Members Currently Receiving Benefits	62
Inactive Plan Members Entitled But Not Yet Receiving Benefits	5
Active Plan Members	<u>85</u>
	<u><u>152</u></u>

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' 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 plan, as actuarially determined by an enrolled actuary. By the year 2040, the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded. Administrative expenses are generally paid from plan assets. For the year ended April 30, 2017, the Village contributed \$4,451,055 to the Firefighters' Pension Plan.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

C. Firefighters' Pension (Cont.)

Investment Policy

The deposits and investments of the pension funds are held separately from those of other Village funds. In addition to the aforementioned investments in Note 2, pension funds are also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds and real estate, limited to 10% of the fund's investments.
- Bonds issued by any county, city, township, incorporated town, municipal corporation or school district in Illinois.
- Tax anticipation warrants issued by any city, township, incorporated town or fire protection district in Illinois.
- Equity accounts up to a limit of 45% of the aggregate fair value of the fund's assets.
- Direct obligations of the State of Israel.

In addition, pension funds with net position of \$2.5 million or more may invest up to 35% of plan net position in a separate account of life insurance companies and mutual funds. If pension funds have net position of at least \$5 million and have an appointed investment advisor, the pension funds may, through that investment advisor, invest up to 35% of the plan's net position in common and preferred stocks which meet specific restrictions.

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Money Market	2.00%	2.98%
Fixed Income	33.00%	4.67%
Domestic Equity		
Large Cap	24.00%	6.77%
Medium Cap	8.00%	6.94%
Small Cap	8.00%	6.94%
International Equity		
Large Cap	9.00%	7.85%
Small/Mid Cap	5.00%	7.85%
Commodities Broad Basket	5.00%	5.71%
Real Estate	6.00%	6.56%
	<u>100.00%</u>	

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

C. Firefighters' Pension (Cont.)

Investment Policy (cont.)

The long-term expected rate of return of the Firefighters' Pension Fund's investments of 7.00% was determined using an asset allocation study conducted by the Firefighters' Pension Fund's investment manager consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2017, are listed in the table above.

Valuation of Investments

All investments in the Plan are stated at fair value and 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.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2017:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 4,978,926		4,978,926	
U.S. Agencies	2,410,483		2,410,483	
Municipal Bonds	480,958		480,958	
Corporate Bonds	8,513,325		8,513,325	
	16,383,692	-	16,383,692	-
Equity Securities				
Common and Preferred Stocks	17,144,518	17,144,518		
Mutual Fund - Equity	9,950,308	9,950,308		
	27,094,826	27,094,826	-	-
	\$ 43,478,518	27,094,826	16,383,692	-

Level 1 Includes quoted prices in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2 Includes inputs other than quoted prices included with Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

C. Firefighters' Pension (Cont.)

Valuation of Investments (cont.)

markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Includes unobservable inputs for an asset or liability.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Investment Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on the Firefighters' Pension Plan investments, net of pension plan investment expense, was 6.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

None of the Firefighters' Pension Fund's deposits of \$4,135,907 with financial institutions were exposed to custodial credit risk, as those deposits were insured, or fully collateralized by investments held by an independent third party in the Village's name.

Interest Rate Risk

As of April 30, 2017, the Firefighters' Pension Fund has the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury Securities	\$ 4,978,926	172,686	3,134,220	1,672,020	
Government National Mortgage Association	43,838			4,310	39,528
Federal Home Loan Mortgage Corporation	735,035		421,181		313,854
Federal National Mortgage Association	1,631,610	362,091	45,191	439,524	784,804
Municipal Bonds	480,958	258,596	139,984	82,378	
Corporate Bonds	8,513,325	580,544	4,752,971	3,033,860	145,950
Total	16,383,692	1,373,917	8,493,547	5,232,092	1,284,136
Investments Not Sensitive to Interest Rate Risk					
Mutual Funds	9,950,308				
Common and Preferred Stock	17,144,518				
Total Investments	\$ 43,478,518				

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

C. Firefighters' Pension (Cont.)

Interest Rate Risk

The Firefighters' Pension Fund's investment policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The objective is the preservation of capital while providing for the long-term growth of principal without undue exposure to risk.

Credit Risk

The Firefighters' Pension Fund limits its exposure to credit risk by primarily investing in securities issued by the United States government and/or its agencies that are implicitly guaranteed by the United States government. The investments in securities of the U.S. government were rated AAA by Moody's Investors Service. The investments in municipal bonds were rated A2 by Moody's Investors Service. The investments in corporate bonds were rated Baa3 by Moody's Investors Service.

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 Firefighters' Pension 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 Firefighters' Pension Fund 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 Firefighters' Pension Fund's agency separate from where the investment was purchased. The mutual funds and common stocks are not subject to custodial credit risk.

Net Pension Liability

The Village's net pension liability was measured as of April 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017, using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2017
Measurement Date	April 30, 2017
Actuarial Cost Method	Entry-age Normal

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

C. Firefighters' Pension (Cont.)

Actuarial Assumptions (cont.)

Assumptions	
Inflation	2.50%
Salary Increases	Graded by Service (12% Initially to Ultimate Rate of 4%)
Investment Rate of Return	7.00%
Cost of Living Increases	2.50%
Asset Valuation Method	Market Value of Assets

Mortality rates are based on RP 2014 Base Rates with Blue Collar Adjustment Projected to 2017 with Scale MP 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 Firefighters' Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes to Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, Beginning of Year	\$ 93,618,988	46,206,257	47,412,731
Changes for the Year			
Service Cost	2,005,175		2,005,175
Interest	6,875,864		6,875,864
Differences Between Expected and Actual Experience	(2,303,247)		(2,303,247)
Changes of Assumptions	760,973		760,973
Contributions - Employer		4,451,055	(4,451,055)
Contributions - Employee		725,348	(725,348)
Net Investment Income		2,724,733	(2,724,733)
Benefit Payments, Including Refunds of Employees' Contributions	(3,583,028)	(3,583,028)	
Administrative Expenses		(78,323)	78,323
Net Changes	3,755,737	4,239,785	(484,048)
Balance, End of Year	\$ 97,374,725	50,446,042	46,928,683

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

10. Defined Benefit Pension Plans (Cont.)

C. Firefighters' Pension (Cont.)

Changes to Net Pension Liability (cont.)

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

Discount Rate Sensitivity

The following is an analysis of the sensitivity of the Village's net pension liability to changes in the discount rate. The table below represents the net pension liability of the Village calculated using the discount rate of 7.00% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Village's Net Pension Liability	\$ 61,429,298	46,928,683	35,090,027

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2017, the Village recognized pension expense of \$6,406,202. At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	3,342,599
Changes of Assumptions	4,707,974	
Net Differences Between Projected and Actual Earnings on Plan Investments	3,109,183	
	<u>\$ 7,817,157</u>	<u>3,342,599</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Amount
2018	\$ 1,454,565
2019	1,454,565
2020	1,454,565
2021	352,215
2022	<u>(241,352)</u>
	<u>\$ 4,474,558</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

11. Pension Trust Funds – Financial Data

A. Schedule of Fiduciary Net Plan Position as of April 30, 2017:

	Police Pension Fund	Firefighters' Pension Fund	Total
Assets			
Cash and Cash Equivalents	\$ 691,715	4,135,907	4,827,622
Investments			
U.S. Treasury Securities	7,590,735	4,978,926	12,569,661
U.S. Agency Securities	23,395,180	2,410,483	25,805,663
Municipal Bonds	3,597,651	480,958	4,078,609
Corporate Bonds		8,513,325	8,513,325
Mutual Funds	20,027,176	9,950,308	29,977,484
Common and Preferred Stock	4,679,590	17,144,518	21,824,108
Accrued Interest Receivable	260,440	129,210	389,650
Due from Village	3,397,054	2,701,588	6,098,642
Prepays	29,043	20,662	49,705
Total Assets	63,668,584	50,465,885	114,134,469
Liabilities			
Other Payables	14,431	19,843	34,274
Net Position			
Restricted for Pensions	\$ 63,654,153	50,446,042	114,100,195

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

11. Pension Trust Funds – Financial Data (Cont.)

B. Schedule of Changes in Fiduciary Net Plan Position for the year ended April 30, 2017:

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 5,624,946	4,451,055	10,076,001
Plan Members	1,045,144	725,348	1,770,492
Total Contributions	<u>6,670,090</u>	<u>5,176,403</u>	<u>11,846,493</u>
Investment Earnings			
Investment Income	3,851,060	2,955,968	6,807,028
Investment Fees	(257,066)	(231,235)	(488,301)
Total Investment Earnings	<u>3,593,994</u>	<u>2,724,733</u>	<u>6,318,727</u>
Total Additions	<u>10,264,084</u>	<u>7,901,136</u>	<u>18,165,220</u>
Deductions			
Benefits and Refunds	3,960,102	3,583,028	7,543,130
Administration	94,377	78,323	172,700
Total Deductions	<u>4,054,479</u>	<u>3,661,351</u>	<u>7,715,830</u>
Change in Net Position	6,209,605	4,239,785	10,449,390
Net Position, Restricted for Pensions			
May 1	<u>57,444,548</u>	<u>46,206,257</u>	<u>103,650,805</u>
April 30	<u>\$ 63,654,153</u>	<u>50,446,042</u>	<u>114,100,195</u>

C. Significant Investments

It is the policy of the Police Pension and Firefighters' Pension Funds to diversify their investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in overconcentration in a security, maturity, issuer or class of securities. According to the Pension Funds' investment policy, the Pension Funds will diversify their investments by security type and institution.

At April 30, 2017, the Police Pension and Firefighters' Pension Funds' investments (other than U.S. government and U.S. government-guaranteed obligations) include the Cohen & Steers Institutional Realty which represent 5% or more of each plan's net position.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

11. Pension Trust Funds – Financial Data (Cont.)

C. Significant Investments (Cont.)

Police Pension and Firefighters' Pension

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Under this method, additions to net position are recorded when earned and deductions from net position are recorded when the time related liabilities\deferred inflows are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets, including any loans.

12. Other Postemployment Benefits

Health Insurance Plan for Retired Employees

The Village provides limited healthcare insurance coverage for its eligible retired employees. The Village accounts for the plan in the government-wide financial statements. The plan does not issue a stand-alone financial report. The Fund pays 100% of the health insurance premium to age 65 for qualified members.

As of April 30, 2017, (consistent with the actuarial valuation date), the Health Insurance Plan for Retired Employees membership consisted of:

Retired Participants	46
Disabled Participants	16
Active Plan Members	<u>222</u>
	<u>284</u>

Summary of Significant Accounting Policies

Contributions - The Village contributes at an annual rate of 3.30% as determined by an enrolled actuary. The plan members are required to contribute an amount established by collective bargaining agreements with the employer's union employees. Current employee contribution rates are 1.00% – 2.50% of payroll after tax to the retiree fund. By the year 2039, the Village contributions must accumulate to the point where the past service cost is fully funded.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

12. Other Postemployment Benefits (Cont.)

Health Insurance Plan for Retired Employees (Cont.)

Annual OPEB Costs and Net OPEB Obligation

The Village had an actuarial valuation performed for the plan as of April 30, 2017, to determine the funded status of the plan as of that date, as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2017. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 was as follows:

Fiscal Year End	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributions	Net OPEB Obligation
April 30, 2017	\$ 3,185,999	1,394,495	43.8%	12,249,996
April 30, 2016	3,265,067	1,618,940	49.6%	10,458,492
April 30, 2015	3,289,875	1,485,266	45.1%	8,812,365

The net OPEB Obligation (NOPEBO) at April 30 2017, was calculated as follows:

Annual Required Contribution	\$ 3,329,780
Interest on Net OPEB Obligation	470,633
Adjustment to Annual Required Contribution	<u>(614,414)</u>
Annual OPEB Cost	3,185,999
Contributions Made	<u>1,394,495</u>
Increase in Net OPEB Obligation	1,791,504
Net OPEB Obligation, May 1	<u>10,458,492</u>
Net OPEB Obligation, April 30	<u><u>\$ 12,249,996</u></u>

Funded Status and Funding Progress

The funded status of the plan as of April 30 2017, was as follows:

Actuarial Accrued Liability (AAL)	\$ 35,482,309
Actuarial Value of Plan Assets	2,428,607
Unfunded Actuarial Accrued Liability (UAAL)	33,053,702
Funded Ratio (Actuarial Value of Plan Assets/AAL)	
Covered Payroll (Active Plan Members)	20,328,474
UAAL as a Percentage of Covered Payroll	162.6%

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

12. Other Postemployment Benefits (Cont.)

Health Insurance Plan for Retired Employees (Cont.)

Funded Status and Funding Progress (cont.)

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 ARCs of the employer are subject to continual revision as actuarial 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 multiyear 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, 2017 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 4.5% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8% reduced to an ultimate rate of 5% after five years. Both rates include a 2.5% inflation assumption. 100% of employees are projected to elect the benefit, and a 3.00% annual salary increase is used. The actuarial value of assets was \$1,437,353. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount over 30 years.

13. Asset Swap with Illinois-American Water Company

During fiscal year 2003, the Village completed an asset swap agreement with Illinois-American Water Company. Under the terms of the agreement, the Village relinquished its rights to its water capital assets in exchange for the rights to Illinois-American Water Company's sewer capital assets. This activity was represented as both additions and deletions to the capital assets. In addition to the sewer assets, the Village received scheduled cash payments from Illinois-American Water Company through fiscal year 2014. These payments have been made in full in prior fiscal years.

In further consideration for the conveyance of the water system, Illinois-American Water Company will pay the Village \$550 for each new water customer who connects to the system and resides in the Village. The total number of payments will not exceed 8,000 connections. Illinois-American Water Company made a minimum payment to the Village equal to 500 new customers each year until fiscal year 2008. If the actual number of connections is less than 500, the excess can be used to reduce payments after fiscal year 2008.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

14. Prior Period Adjustment

The Business-type Activities and Americana Estate Fund's net positions as of May 1, 2016, were restated due to the correction in the balance and valuation of the land held for resale. The effects of the restatement on the beginning net position as of May 1, 2016, and on the land held for resale as of May 1, 2016, were as follows:

	Business-Type Activities	Americana Estates Fund
Net Position, May 1, 2016, as Previously Reported	\$ 197,225,081	\$ 12,702,400
Adjustment to Correct the Balance of Beginning Land Held for Sale	<u>(2,140,604)</u>	<u>(2,140,604)</u>
Net Position, May 1, 2016, as Restated	<u>\$ 195,084,477</u>	<u>\$ 10,561,796</u>

The prior period adjustment had no effect on change in net position for the year ended April 30, 2016.

15. Future Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which are expected to have a material impact on the Village's financial statements in future periods:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements, in accordance with the following:

- Employers that are responsible only for OPEB liabilities for their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability (the difference between the total OPEB liability and the assets accumulated in trust to make the benefit payments).
- Employers that participate in a cost-sharing OPEB plan that is administered through a trust that meets specified criteria will report a liability equal to the employer's proportionate share for the collective OPEB liability for all employers participating in the plan.
- Employers that provide OPEB, but not through a trust that meets specified criteria, will report the total OPEB liability for their own employees.

GASB Statement No. 75 requires more extensive note disclosures and required supplementary information about the OPEB liabilities. GASB Statement No. 75 is effective for fiscal years beginning after June 15, 2017. Therefore, the Statement will be effective for the Village's year ending April 30, 2019.

While not effective in the short term, the Village will begin assessing the potential impact on the financial statements of this statement and begin the process of communicating the impact with those charged with governance and other stakeholders.

VILLAGE OF BOLINGBROOK, ILLINOIS

Notes to Financial Statements
April 30, 2017

15. Future Pronouncements (Cont.)

GASB Statement No. 84, *Fiduciary Activities* (GASB 84) establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

GASB 84 is effective for financial statements for fiscal years beginning after December 15, 2018. Earlier application is encouraged.

While not effective in the short term, the Village will begin assessing the potential impact on the financial statements of this statement and begin the process of communicating the impact with those charged with governance and other stakeholders.

In June 2017, GASB published Statement No. 87, *Leases*. The standard was the result of a multi-year project to reexamine the accounting and financial reporting for leases. The new standard establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. Specifically, GASB 87 includes the following accounting guidance for lessees and lessors:

Lessee Accounting - A lessee will recognize a liability measured at the present value of payments expected to be made for the lease term, and an intangible asset measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. A lessee will reduce the liability as payments are made and recognize an outflow of resources for interest on the liability. The asset will be amortized by the lessee over the shorter of the lease term or the useful life of the asset.

Lessor Accounting - A lessor will recognize a receivable measured at the present value of the lease payments expected for the lease term and a deferred inflow of resources measured at the value of the lease receivable plus any payments received at or prior to the beginning of the lease that relate to future periods. The lessor will reduce the receivable as payments are received and recognize an inflow of resources from the deferred inflow of resources in a systematic and rational manner over the term of the lease. A lessor will not derecognize the asset underlying the lease. There is an exception for regulated leases for which certain criteria are met, such as airport-aeronautical agreements.

The lease term used to measure the asset or liability is based on the period in which the lessee has the noncancelable right to use the underlying asset. The lease term also contemplates any lease extension or termination option that is reasonably certain of being exercised.

GASB 87 does not apply to leases for intangible assets, biological assets (*i.e.*, timber and living plants and animals), service concession agreements or leases in which the underlying asset is financed with conduit debt that is reported by the lessor. Additionally, leases with a maximum possible term of 12 months or less are excluded.

The effective date is for periods beginning after December 15, 2019. It is anticipated that leases would be recognized using the facts and circumstances in effect at the beginning of the period of implementation.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplemental Information

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended April 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues				
Taxes	\$ 23,692,247	24,002,247	25,013,417	1,011,170
Licenses and Permits	1,976,400	1,976,400	2,401,304	424,904
Charges for Services	4,734,908	4,734,908	5,613,053	878,145
Fines and Forfeitures	1,045,727	1,045,727	1,143,682	97,955
Contributions	905,000	905,000	632,822	(272,178)
Intergovernmental	41,835,522	41,842,972	40,383,248	(1,459,724)
Interest	50,000	50,000	203,959	153,959
Miscellaneous	202,999	202,999	490,909	287,910
Total Revenues	74,442,803	74,760,253	75,882,394	1,122,141
Expenditures				
Current				
General Government	12,020,585	11,835,953	10,789,943	(1,046,010)
Public Safety	41,465,267	41,655,413	41,448,996	(206,417)
Highways and Streets	11,243,233	12,217,415	8,132,270	(4,085,145)
Culture and Recreation	4,438,125	5,043,597	3,971,204	(1,072,393)
Economic Development	5,139,881	5,139,881	4,953,019	(186,862)
Total Expenditures	74,307,091	75,892,259	69,295,432	(6,596,827)
Excess (Deficiency) of Revenues over Expenditures	135,712	(1,132,006)	6,586,962	7,718,968
Other Financing Sources (Uses)				
Sale of Assets	15,000	15,000	25,309	10,309
Transfers Out	(142,000)	(142,000)	(509,318)	(367,318)
Total Other Financing Sources (Uses)	(127,000)	(127,000)	(484,009)	(357,009)
Net Change in Fund Balance	\$ 8,712	(1,259,006)	6,102,953	7,361,959
Fund Balance				
May 1			53,416,289	
April 30			59,519,242	

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplemental Information

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Refuse and Recycling Fund
Year Ended April 30, 2017

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues			
Taxes	\$ 5,698,944	2,524,181	(3,174,763)
Interest		2,599	2,599
Total Revenues	<u>5,698,944</u>	<u>2,526,780</u>	<u>(3,172,164)</u>
Expenditures			
Current			
Sanitation	<u>5,698,944</u>	<u>5,471,522</u>	<u>(227,422)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(2,944,742)</u>	<u>(2,944,742)</u>
Fund Balance			
May 1		<u>611,534</u>	
April 30		<u><u>(2,333,208)</u></u>	

VILLAGE OF BOLINGBROOK, ILLINOIS

Note to Required Supplementary Information
April 30, 2017

Legal Compliance and Accountability

Budgets

All departments of the Village submit requests for appropriation to the Village's Budget Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service (except the Westside Storm Sewer Management Fund), Waterworks and Sewerage, Westside Regional Stormwater and Pension Trust Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The Budget Officer is authorized to transfer budgeted amounts between departments within any fund; however, the governing body must approve any revisions that alter the total expenditures of any fund.

The Budget Officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body.

The budget may be amended by the Village Board of Trustees.

Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service, (except the Westside Storm Sewer Management Fund), Waterworks and Sewerage, Westside Regional Stormwater, Internal Service and Pension Trust Funds. All annual appropriations lapse at fiscal year-end.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, supplementary appropriations were approved in various funds.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Illinois Municipal Retirement Fund - Regular Plan

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

April 30, 2017

Fiscal Year Ending April 30,	2017	2016
Total Pension Liability		
Service Cost	\$ 957,523	926,187
Interest	4,445,702	4,186,240
Changes in Benefit Terms		
Differences Between Expected and Actual Experience	(505,680)	465,086
Change of Assumptions	(161,684)	158,428
Benefit Payments, Including Refunds of Member Contributions	(2,285,963)	(1,981,297)
Net Change in Total Pension Liability	2,449,898	3,754,644
Total Pension Liability - Beginning	60,098,738	56,344,094
Total Pension Liability - Ending	\$ 62,548,636	60,098,738
Plan Fiduciary Net Position		
Contributions - Village	\$ 990,084	1,036,926
Contributions - Members	374,003	415,725
Net Investment Income	3,616,677	269,684
Benefit Payments, Including Refunds of Member Contributions	(2,285,963)	(1,981,297)
Other	678,324	(921,785)
Net Change in Plan Fiduciary Net Position	3,373,125	(1,180,747)
Plan Net Position - Beginning	53,020,474	54,201,221
Plan Net Position - Ending	\$ 56,393,599	53,020,474
Village's Net Pension Liability	\$ 6,155,037	7,078,264
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.16%	88.22%
Covered Employee Payroll	\$ 8,311,178	8,725,464
Village's Net Pension Liability as a Percentage of Covered Employee Payroll	74.06%	81.12%

*Notes to the Required Supplementary Information*Changes in Assumptions:

Investment rate of return and discount rate was changed from 7.48% in 2016 to 7.50% in 2017.

Retirement age and mortality were updated since the prior measurement date.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

This information is presented as of the measurement date, which is December 31 of the fiscal year.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

April 30, 2017

Fiscal Year Ending April 30,	2017	2016
Total Pension Liability		
Service Cost	\$	
Interest	82,495	81,322
Changes in Benefit Terms		
Differences Between Expected and Actual Experience	(65,205)	25,103
Change of Assumptions	(87,753)	(7,721)
Benefit Payments, Including Refunds of Member Contributions	(93,074)	(91,410)
Net Change in Total Pension Liability	(163,537)	7,294
Total Pension Liability - Beginning	1,294,563	1,287,269
Total Pension Liability - Ending	\$ 1,131,026	1,294,563
Plan Fiduciary Net Position		
Contributions - Village	\$ 49,097	49,607
Contributions - Members		
Net Investment Income	53,819	3,639
Benefit Payments, Including Refunds of Member Contributions	(93,074)	(91,410)
Other	12,020	68,013
Net Change in Plan Fiduciary Net Position	21,862	29,849
Plan Net Position - Beginning	778,632	748,783
Plan Net Position - Ending	\$ 800,494	778,632
Village's Net Pension Liability	\$ 330,532	515,931
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.78%	60.15%
Covered Employee Payroll	\$	
Village's Net Pension Liability as a Percentage of Covered Employee Payroll	0.00%	0.00%

Notes to the Required Supplementary Information

Changes in Assumptions:

Investment rate of return was changed from 7.48% in 2016 to 7.50% in 2017 and discount rate was changed from 6.61% in 2016 to 7.50% in 2017.

Retirement age and mortality were updated since the prior measurement date.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

This information is presented as of the measurement date, which is December 31 of the fiscal year.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Illinois Municipal Retirement Fund - Elected County Official's Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

April 30, 2017

Fiscal Year Ending April 30,	2017	2016
Total Pension Liability		
Interest	\$ 7,134	7,868
Differences Between Expected and Actual Experience	<u>(102,256)</u>	<u>(17,657)</u>
Net Change in Total Pension Liability	(95,122)	(9,789)
Total Pension Liability - Beginning	<u>95,122</u>	<u>104,911</u>
Total Pension Liability - Ending	<u><u>\$ -</u></u>	<u><u>95,122</u></u>
Plan Fiduciary Net Position		
Net Investment Income	\$ 7,134	494
Other	<u>(102,272)</u>	<u>(4,063)</u>
Net Change in Plan Fiduciary Net Position	(95,138)	(3,569)
Plan Net Position - Beginning	<u>95,138</u>	<u>98,707</u>
Plan Net Position - Ending	<u><u>\$ -</u></u>	<u><u>95,138</u></u>
Village's Net Pension Liability	<u><u>\$ -</u></u>	<u><u>(16)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0%	100.02%
Covered Employee Payroll	\$	
Village's Net Pension Liability as a Percentage of Covered Employee Payroll	0.00%	0.00%

Notes to the Required Supplementary Information

Changes in Assumptions:

Investment rate of return was changed from 7.48% in 2016 to 7.50% in 2017.
Retirement age and mortality were updated since the prior measurement date.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

This information is presented as of the measurement date, which is December 31 of the fiscal year.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Police Pension Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

April 30, 2017

Fiscal Year Ending April 30,	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 1,397,428	2,472,355	2,066,132
Interest	8,807,742	7,938,566	7,019,569
Changes in Benefit Terms			
Differences Between Expected and Actual Experience	(11,055,526)	(1,945,748)	1,416,533
Change of Assumptions	5,915,062	7,172,613	5,423,146
Benefit Payments, Including Refunds of Member Contributions	(3,960,102)	(3,807,438)	(3,536,744)
Net Change in Total Pension Liability	1,104,604	11,830,348	12,388,636
Total Pension Liability - Beginning	119,581,614	107,751,266	95,362,630
Total Pension Liability - Ending	\$ 120,686,218	119,581,614	107,751,266
Plan Fiduciary Net Position			
Contributions - Village	\$ 5,624,946	3,631,064	2,976,417
Contributions - Members	1,045,144	1,055,143	1,158,171
Net Investment Income	3,593,994	622,537	3,566,179
Benefit Payments, Including Refunds of Member Contributions	(3,960,102)	(3,807,438)	(3,536,744)
Administrative Expense	(94,377)	(118,265)	(84,670)
Net Change in Plan Fiduciary Net Position	6,209,605	1,383,041	4,079,353
Plan Net Position - Beginning	57,444,548	56,061,507	51,982,154
Plan Net Position - Ending	\$ 63,654,153	57,444,548	56,061,507
Village's Net Pension Liability	\$ 57,032,065	62,137,066	51,689,759
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.74%	48.04%	52.03%
Covered Employee Payroll	\$ 10,604,216	10,809,204	10,650,577
Village's Net Pension Liability as a Percentage of Covered Employee Payroll	537.82%	574.85%	485.32%

Notes to the Required Supplementary Information

Changes in Assumptions:

- Investment rate of return was and discount rate were changed from 7.50% in 2016 to 7.00% in 2017.
- Projected salary increases was decreased from 5.00% to 4.00% (ultimate rate - graded by service).
- Retirement age and mortality were updated since the prior measurement date.

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Firefighters' Pension Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

April 30, 2017

Fiscal Year Ending April 30,	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 2,005,175	1,922,614	1,879,783
Interest	6,875,864	6,232,214	5,647,964
Changes in Benefit Terms			
Differences Between Expected and Actual Experience	(2,303,247)	(2,199,757)	534,324
Change of Assumptions	760,973	6,278,286	3,122,475
Benefit Payments, Including Refunds of Member Contributions	(3,583,028)	(3,421,119)	(3,367,964)
Net Change in Total Pension Liability	3,755,737	8,812,238	7,816,582
Total Pension Liability - Beginning	93,618,988	84,806,750	76,990,168
Total Pension Liability - Ending	\$ 97,374,725	93,618,988	84,806,750
Plan Fiduciary Net Position			
Contributions - Village	\$ 4,451,055	3,140,863	2,548,066
Contributions - Members	725,348	747,357	757,675
Net Investment Income	2,724,733	(918,990)	1,967,762
Benefit Payments, Including Refunds of Member Contributions	(3,583,028)	(3,421,119)	(3,367,963)
Administrative Expense	(78,323)	(61,145)	(53,816)
Net Change in Plan Fiduciary Net Position	4,239,785	(513,034)	1,851,724
Plan Net Position - Beginning	46,206,257	46,719,291	44,867,567
Plan Net Position - Ending	\$ 50,446,042	46,206,257	46,719,291
Village's Net Pension Liability	\$ 46,928,683	47,412,731	38,087,459
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.81%	49.36%	55.09%
Covered Employee Payroll	\$ 7,696,943	7,797,589	7,685,026
Village's Net Pension Liability as a Percentage of Covered Employee Payroll	609.71%	608.04%	495.61%

Notes to the Required Supplementary Information

Changes in Assumptions:

Investment rate of return was and discount rate were changed from 7.50% in 2016 to 7.00% in 2017.

Projected salary increases was decreased from 5.00% to graded by service (12.00% initially to ultimate rate of 4.00%).

Retirement age and mortality were updated since the prior measurement date.

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Other Postemployment Benefit Plan

Schedule of Funding Progress

April 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
4/30/2017	\$ 2,428,607	35,482,309	33,053,702	6.8%	20,328,474	162.60%
4/30/2016		35,582,927	35,582,927	0.0%	21,396,398	166.30%
4/30/2015		34,224,258	34,224,258	0.0%	20,773,202	164.75%
4/30/2014		31,315,316	31,315,316	0.0%	20,800,176	150.55%
4/30/2013		30,080,189	30,080,189	0.0%	20,194,345	148.95%
4/30/2012		27,845,244	27,845,244	0.0%	20,932,493	133.02%

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Illinois Municipal Retirement Fund - Regular Plan

Schedule of Village Contributions

April 30, 2017

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2017	\$ 970,193	970,193		8,229,307	11.79%
4/30/2016	982,142	982,142		8,323,747	11.80%

Notes to the Required Supplementary Information

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

Methods and Assumptions Used to Determine 2016 Contribution Rates

Actuarial Cost Method	Aggregate Entry-age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27-years Closed Period
Asset Valuation Method	5-year Smoothed Market; 20% Corridor
Wage Growth	3.50%
Price Inflation	2.75% approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, Including Inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For nondisabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other	There were no benefit changes during the year.

Information above based on valuation assumptions used in the December 31, 2014 actuarial valuation; note two year lag between valuation and rate setting.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel Fund

Schedule of Village Contributions

April 30, 2017

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2017	\$ 47,851	47,851			0.00%
4/30/2016	49,437	49,437			0.00%

Notes to the Required Supplementary Information

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments. One in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2016 Contribution Rates

Actuarial Cost Method	Aggregate Entry-age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27-years Closed Period
Asset Valuation Method	5-year Smoothed Market; 20% Corridor
Wage Growth	3.50%
Price Inflation	2.75% approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, Including Inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For nondisabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other	There were no benefit changes during the year.

Information above based on valuation assumptions used in the December 31, 2014 actuarial valuation; note two year lag between valuation and rate setting.

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VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Illinois Municipal Retirement Fund - Elected County Official's Fund

Schedule of Village Contributions

April 30, 2017

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2017	\$				0.00%
4/30/2016					0.00%

Notes to the Required Supplementary Information

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments. One in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2016 Contribution Rates

Actuarial Cost Method	Aggregate Entry-age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27-years Closed Period
Asset Valuation Method	5-year Smoothed Market; 20% Corridor
Wage Growth	3.50%
Price Inflation	2.75% approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	2.75% to 14.50%, Including Inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For nondisabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other	There were no benefit changes during the year.

Information above based on valuation assumptions used in the December 31, 2014 actuarial valuation; note two year lag between valuation and rate setting.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Police Pension Fund

Schedule of Village Contributions

April 30, 2017

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2017	\$ 4,694,038	5,624,946	930,908	10,604,216	53.04%
4/30/2016	3,215,658	3,631,064	415,406	10,809,204	33.59%
4/30/2015	3,090,537	2,976,417	(114,120)	10,650,577	27.95%

Notes to the Required Supplementary Information

Valuation Date Actuarially determined contribution rates are calculated as of April 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments. One in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2017 Contribution Rates

Valuation Date Actuarially determined contribution rates are calculated as of January 1 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial Cost Method Entry-age Normal
 Amortization Method Level Percentage of Pay, Closed
 Remaining Amortization Period 24 years
 Asset Valuation Method Market Value
 Price Inflation 2.50%
 Salary Increases 4.00% (ultimate rate - graded by service)
 Investment Rate of Return 7.00%
 Retirement Age Graded by age (14% at 50 to 100% at age 65)
 Mortality RP2014 Base Rates with Blue Collar Adjustment Projected to 2017 with Scale MP2016.

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Firefighters' Pension Fund

Schedule of Village Contributions

April 30, 2017

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2017	\$ 3,637,712	4,451,055	813,343	7,696,943	57.83%
4/30/2016	2,622,349	3,140,863	518,514	7,797,589	40.28%
4/30/2015	2,622,349	2,548,067	(74,282)	7,685,026	33.16%

Notes to the Required Supplementary Information

Valuation Date Actuarially determined contribution rates are calculated as of April 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments. One in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2017 Contribution Rates

Valuation Date Actuarially determined contribution rates are calculated as of January 1 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial Cost Method Entry-age Normal
 Amortization Method Level Percentage of Pay, Closed
 Remaining Amortization Period 24 years
 Asset Valuation Method Market Value
 Price Inflation 2.50%
 Salary Increases Graded by service (12.00% initially to ultimate rate of 4.00%)
 Investment Rate of Return 7.00%
 Retirement Age Graded by age (14.00% at 50 to 100% at age 65)
 Mortality RP2014 Base Rates with Blue Collar Adjustment Projected to 2017 with Scale MP2016.

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Other Postemployment Benefit Plan

Schedule of Village Contributions

April 30, 2017

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
4/30/2017	\$ 3,244,233	43.00%
4/30/2016	3,265,067	49.50%
4/30/2015	3,289,875	45.20%
4/30/2014	2,905,366	47.70%
4/30/2013	2,928,130	43.50%
4/30/2012	1,536,176	48.00%
4/30/2011	1,754,022	42.10%

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Police Pension Fund

Schedule of Investment Returns

April 30, 2017

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
4/30/2017	6.16%
4/30/2016	1.11%
4/30/2015	6.51%

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

VILLAGE OF BOLINGBROOK, ILLINOIS

Required Supplementary Information

Firefighters' Pension Fund

Schedule of Investment Returns

April 30, 2017

Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
4/30/2017	6.37%
4/30/2016	-5.23%
4/30/2015	4.59%

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

COMBINING FINANCIAL STATEMENTS

GOVERNMENTAL FUND TYPES

**NONMAJOR GOVERNMENTAL FUNDS –
COMBINING STATEMENTS**

VILLAGE OF BOLINGBROOK, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2017

	Special Revenue Funds			
	Motor Fuel Tax Fund	Community Development Block Grant Fund	911 Emergency Fund	Road and Bridge Fund
Assets				
Cash, Cash Equivalents and Investments	\$ 9,444,543	28,035	119,763	
Property Taxes Receivable				6,376
Accounts Receivables, Net of Allowances	204,261			
Accrued Interest Receivable	8,206			
Intergovernmental Receivable	323,498			
Advances to Other Funds	20,751			
Restricted Cash				
Total Assets	\$ 10,001,259	28,035	119,763	6,376
Liabilities				
Accounts Payable	\$ 74,678		15,983	
Accrued Payroll	16,623			
Advances from Other Funds	724,946	28,438	60,429	317,490
Other Payables				
Other Liabilities				
Total Liabilities	816,247	28,438	76,412	317,490
Deferred Inflows of Resources				
Unavailable Property Taxes				
Fund Balance				
Restricted for				
Streets	9,185,012			
Public Safety			43,351	
Debt Service				
Capital Projects				
Unassigned		(403)		(311,114)
Total Fund Balances	9,185,012	(403)	43,351	(311,114)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,001,259	28,035	119,763	6,376

Debt Service Fund	Capital Projects Funds					
	1988 Bond Fund	2002 Bond Fund	East Side Special Service Area Fund	Mortgage Revenue Capital Improvement Fund	Westside Storm Sewer Management Fund	1997 Bond Fund
1995 Beaconridge TIF Bond Fund	625,293		783,077	1,014,635	152,533	
		1				
		405,680				29,031
	625,293	405,681	783,077	1,014,635	152,533	29,031
	367,286 144,775	1,805,537				
	512,061	1,805,537	-	-	-	-
	113,232	(1,399,856)	783,077	1,014,635	152,533	29,031
	113,232	(1,399,856)	783,077	1,014,635	152,533	29,031
	625,293	405,681	783,077	1,014,635	152,533	29,031

(Cont.)

VILLAGE OF BOLINGBROOK, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet (Cont.)

April 30, 2017

	Capital Projects Funds			Total Nonmajor Government Funds
	2004 Bond Fund	2006 A & B Bond Fund	Capital Improvement Fund	
Assets				
Cash, Cash Equivalents and Investments	\$		20	17,287,579
Property Taxes Receivable				6,376
Accounts Receivables, Net of Allowances				1,240,188
Accrued Interest Receivable				8,207
Intergovernmental Receivable				323,498
Advances to Other Funds	294,237			314,988
Restricted Cash	1,650,209	5,887,728		7,972,648
Total Assets	1,944,446	5,887,728	20	27,153,484
Liabilities				
Accounts Payable	\$			90,661
Accrued Payroll				16,623
Advances from Other Funds		1,866,266		5,170,392
Other Payables				144,775
Other Liabilities				
Total Liabilities	-	1,866,266	-	5,422,451
Deferred Inflows of Resources				
Unavailable Property Taxes				986,703
Fund Balance				
Restricted for				
Streets				9,185,012
Public Safety				43,351
Debt Service				5,168,904
Capital Projects	1,944,446	4,021,462	20	8,058,436
Unassigned				(1,711,373)
Total Fund Balances	1,944,446	4,021,462	20	20,744,330
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,944,446	5,887,728	20	27,153,484

VILLAGE OF BOLINGBROOK, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2017

	Special Revenue Funds			
	Motor Fuel Tax Fund	Community Development Block Grant Fund	911 Emergency Fund	Road and Bridge Fund
Revenues				
Taxes				12,471
Charges for Services	\$ 23,979			
Intergovernmental	1,976,585	487,017		
Interest	21,864	328	1,219	
Miscellaneous				
Total Revenues	2,022,428	487,345	1,219	12,471
Expenditures				
Current				
Public Safety		342,890	896,268	
Highways and Streets	1,290,902			
Capital Outlay		144,858		
Total Expenditures	1,290,902	487,748	896,268	-
Excess (Deficiency) of Revenues over Expenditures	731,526	(403)	(895,049)	12,471
Other Financing Sources				
Transfers In			142,000	
Net Change in Fund Balances	731,526	(403)	(753,049)	12,471
Fund Balance				
May 1	8,453,486		796,400	(323,585)
April 30	\$ 9,185,012	(403)	43,351	(311,114)

Debt Service Fund	Capital Projects Funds					
	1988 Bond Fund	2002 Bond Fund	East Side Special Service Area Fund	Mortgage Revenue Capital Improvement Fund	Westside Storm Sewer Management Fund	1997 Bond Fund
72,494						
2,510	267	8,008	414	461	91	15
75,004	267	8,008	414	461	91	15
-	-	-	-	-	18,234	-
-	-	-	-	-	18,234	-
75,004	267	8,008	414	461	(18,143)	15
75,004	267	8,008	414	461	(18,143)	15
5,093,900	112,965	(1,407,864)	782,663	1,014,174	170,676	29,016
5,168,904	113,232	(1,399,856)	783,077	1,014,635	152,533	29,031

(Cont.)

VILLAGE OF BOLINGBROOK, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Cont.)

Year Ended April 30, 2017

	Capital Projects Funds			Total Nonmajor Government Funds
	2004 Bond Fund	2006 A & B Bond Fund	Capital Improvement Fund	
Revenues				
Taxes	\$			84,965
Charges for Services				23,979
Intergovernmental				2,463,602
Interest	1,402	5,875		42,454
Miscellaneous				-
Total Revenues	1,402	5,875	-	2,615,000
Expenditures				
Current				
Public Safety				1,239,158
Highways and Streets				1,290,902
Capital Outlay		367,961		531,053
Total Expenditures	-	367,961	-	3,061,113
Excess (Deficiency) of Revenues over Expenditures	1,402	(362,086)	-	(446,113)
Other Financing Sources				
Transfers In				142,000
Net Change in Fund Balances	1,402	(362,086)		(304,113)
Fund Balance				
May 1	1,943,044	4,383,548	20	21,048,443
April 30	\$ 1,944,446	4,021,462	20	20,744,330

FIDUCIARY FUNDS

VILLAGE OF BOLINGBROOK, ILLINOIS

Fiduciary Funds

Combining Statement of Fiduciary Net Position - Pension Trust Funds
 April 30, 2017

	Police Pension Fund	Firefighters' Pension Fund	Total
Assets			
Cash and Cash Equivalents	\$ 691,715	4,135,907	4,827,622
Investments			
U.S. Treasury Securities	7,590,735	4,978,926	12,569,661
U.S. Agency Securities	23,395,180	2,410,483	25,805,663
Municipal Bonds	3,597,651	480,958	4,078,609
Corporate Bonds		8,513,325	8,513,325
Mutual Funds	20,027,176	9,950,308	29,977,484
Common and Preferred Stock	4,679,590	17,144,518	21,824,108
Accrued Interest Receivable	260,440	129,210	389,650
Due from Village	3,397,054	2,701,588	6,098,642
Prepays	29,043	20,662	49,705
Total Assets	63,668,584	50,465,885	114,134,469
Liabilities			
Other Payables	14,431	19,843	34,274
Net Position			
Restricted for Pensions	<u>\$ 63,654,153</u>	<u>50,446,042</u>	<u>114,100,195</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds
Year Ended April 30, 2017

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 5,624,946	4,451,055	10,076,001
Plan Members	1,045,144	725,348	1,770,492
Total Contributions	<u>6,670,090</u>	<u>5,176,403</u>	<u>11,846,493</u>
Investment Earnings			
Investment Income	3,851,060	2,955,968	6,807,028
Investment Fees	(257,066)	(231,235)	(488,301)
Total Investment Earnings	<u>3,593,994</u>	<u>2,724,733</u>	<u>6,318,727</u>
Total Additions	<u>10,264,084</u>	<u>7,901,136</u>	<u>18,165,220</u>
Deductions			
Benefits and Refunds	3,960,102	3,583,028	7,543,130
Administration	94,377	78,323	172,700
Total Deductions	<u>4,054,479</u>	<u>3,661,351</u>	<u>7,715,830</u>
Change in Net Position	6,209,605	4,239,785	10,449,390
Net Position, Restricted for Pensions			
May 1	<u>57,444,548</u>	<u>46,206,257</u>	<u>103,650,805</u>
April 30	<u>\$ 63,654,153</u>	<u>50,446,042</u>	<u>114,100,195</u>

VILLAGE OF BOLINGBROOK, ILLINOIS

Weber Road TIF Agency Fund

Statement of Changes in Assets and Liabilities
Year Ended April 30, 2017

	Balance at May 1, 2016	Additions	Deletions	Balance at April 30, 2017
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 828,049	1,563,969	2,044,447	347,571
Liabilities				
Current Liabilities				
Due to Developer	\$ 828,049	1,563,969	2,044,447	347,571