

**VILLAGE OF LIBERTYVILLE
BOARD OF TRUSTEES**

Finance Committee

**January 19, 2016
6:00 p.m.**

AGENDA

1. Approve Minutes of the July 21, 2015 meeting
2. Review of 2015-2016 Monthly Financial Report
3. Discussion of Financial Sustainability Document
4. Audit proposal for 2016
5. Update on IMET Investment
6. Other
7. Adjourn

VILLAGE OF LIBERTYVILLE
Finance Committee

Minutes
Tuesday, July 21, 2015

A meeting of the Finance Committee was held on Tuesday, July 21, 2015 at 6:00 p.m. at the Libertyville Village Hall. In attendance were Committee Chair Moras and Trustee Gaines. Also in attendance were Mayor Wepler, Administrator Bowens, Police Chief Herdegen, Deputy Village Administrator Amidei, Fire Chief Carani, and Finance Director Wesolowski.

Trustee Gaines motioned to approve the minutes of the April 21, 2015 Finance Committee meeting and Trustee Moras seconded. The motion was approved.

The Committee then discussed the monthly financial reports as of June 30, 2015 which indicated that year to date General Fund revenues of \$7,201,833 are 6% above the prior year and expenditures of \$5,416,848 are 10% above the prior year. At this time, there were not any unexpected variances of revenues or expenditures.

Water revenue is \$33,853 above budget and sewer revenue is \$34,330 above budget. For the two-months ending June 30, 2015, there is a 893,292 deficit in the water and sewer fund compared with the annual budgeted deficit of \$272,095. The deficit is due to projects in the current year that were funded through a bond issued last fiscal year. Sports Complex revenues are \$7,415 below the two-month budget and expenditures are above last year by \$976. The complex has generated an operating surplus of \$76,982; however once debt is included, a \$277,814 deficit results.

The Committee the Intergovernmental Personnel Benefit Cooperative's (IPBC) Fund balance in relation to the policy and agreed with the Staff recommendation to not request a distribution from the accounts this year. The Committee would like to review the historical IPBC rates at the next meeting.

The Committee then discussed the current electric utility tax along with the status of the State budget and recommended that the utility tax remain at the current rates until more information is known of the impact to the Village from any State budget decision.

Trustee Moras asked if there were any updates to the IMET investment. Staff mentioned that several of the assets (hotel properties) that have been recovered are due to be auctioned later in July and once that happens, the Village should receive a distribution.

The meeting was adjourned at 6:40 p.m.

Respectfully submitted,

Patricia A. Wesolowski
Finance Director

Draft Financial Sustainability Strategy

The Mayor and Village Board and Village Staff have continued to review Village finances, with the goals of maintaining a balance budget, maintaining an appropriate level of services, maintaining a necessary and aggressive level of ongoing capital improvements, while monitoring of the State of Illinois worsening financial crisis and potential collateral damage to local municipalities. Specifically, the Governor and General Assembly have discussed: 1) a reduction of 50% in the Local Government Distribution Fund (LGDF) which is the 8% of State Income Tax revenue collected by the State and shared with cities and counties, and which would potentially have a negative impact of \$ 990,000 to the Village; and 2) and the Governor's proposal for a "temporary" 2 year property tax freeze, which would apply to all taxing districts in Illinois and which would have an impact of \$200,000 to \$400,000 to the Village. Furthermore, without a current budget the State presently lacks the appropriation authority to distribute certain revenues to municipalities such as the Motor Fuel Tax (MFT), Income Tax, 911 funding, video gaming/casino revenues, and use tax revenues. The Village is currently due \$500,000 from the State for these payments. It is anticipated that once a 2016 State budget is approved, or legislation is enacted to authorize distribution of these revenues, local governments will then receive the backlog revenue owed to them.

In response to the potential negative impact that the State of Illinois financial crisis might have on Libertyville finances, along with identifying additional and/or dedicated funding sources for Village services and capital improvements, the Staff has summarized recent discussions with the Finance Committee and Mayor and Village Board and prepared a draft Financial Sustainability Strategy with both short-term and long-term actions for consideration:

Expenditure Control/Reductions

First and foremost are ongoing efforts by the Mayor, Village Board and Village Staff to review all expenditures within the Village Budget to assure taxpayers that the Village is providing services and programs in the most cost-effective and efficient manner. The Village continues to operate with a balanced budget, and expenditure savings have been realized over the last several years through a reduction in personnel, consolidation of certain Village services, joint purchasing with other communities, privatization of certain services, and increased utilization of technology. The Mayor and Village Board and Village Staff will continue to analyze expenditures prior to consideration of any new or additional revenue sources. However, it is anticipated that any further revenue reductions will impact personnel and the Village's ability to continue to provide the current level of services enjoyed by Libertyville residents. Furthermore, of specific concern are expenditures related to employee pensions and the annual required subsidy for the Libertyville Sports Complex (LSC).

Short-Term Financial Strategies

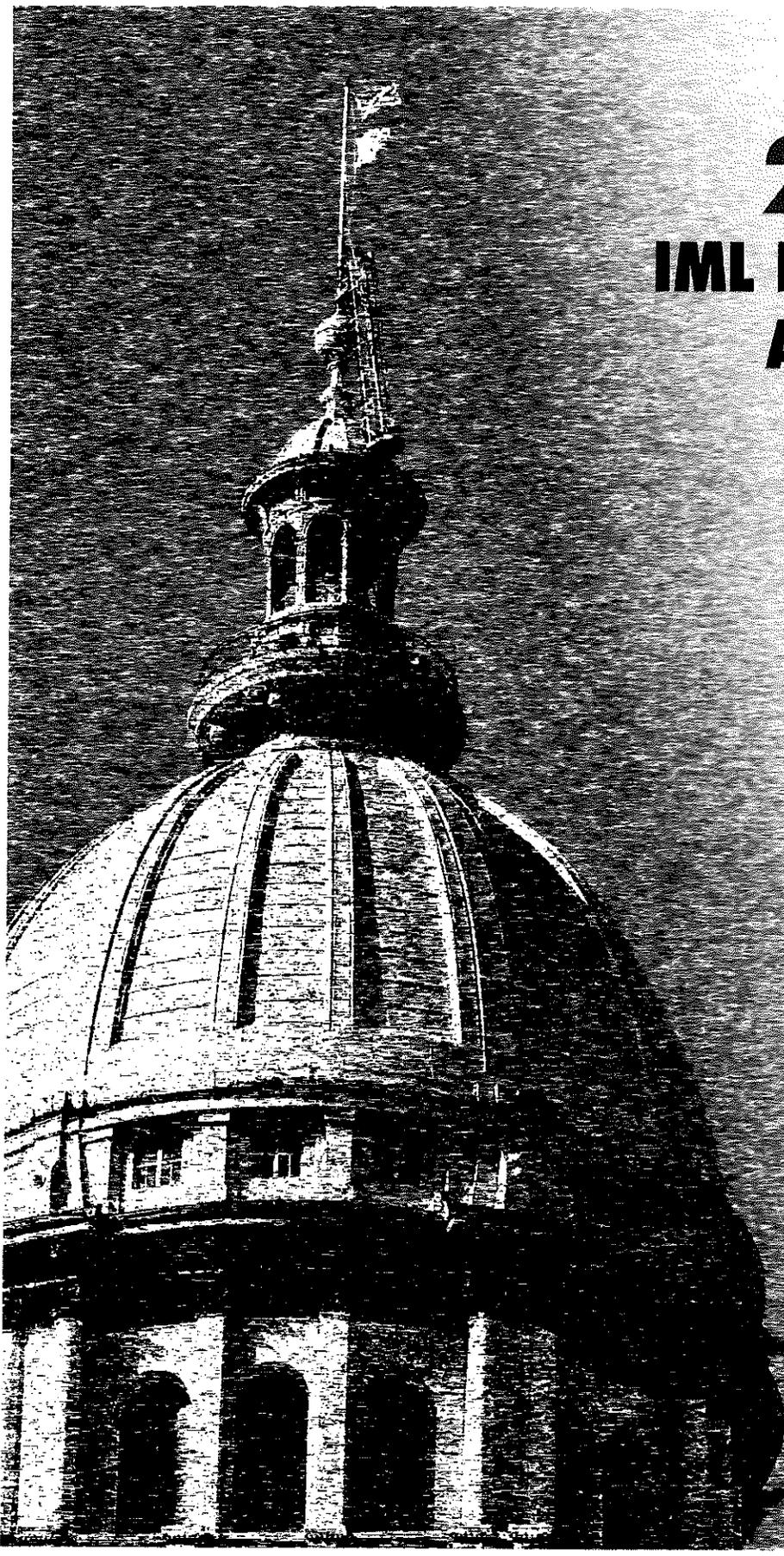
1. Utilization of General Fund Reserves: the Finance Committee and Mayor and Village Board established a revised Fund Balance Policy during the 2012-13 fiscal year, and the current 2015-16 Village Budget projects a year end General Fund balance of approximately \$12.3 million (46% of expenditures). While these reserves can be utilized on a short-term basis to cover delayed reimbursements from the State or short-term loss(es) of State revenue, such use should be limited.
2. Reinstitute Utility Taxes: for many years the Village has utilized a "Telecommunications Tax" of 6% to generate revenue (\$1,320,000) for Village technology purchases, capital improvements and economic development. During the recent recession the Village also instituted a Natural Gas Utility Tax of 5% (which generated approximately \$550,000) and an Electric Utility Tax of approximately 5% (which

generated approximately \$1,500,000). The Gas and Electric Utility Taxes were enacted on a temporary basis, and as the economy and Village revenues improved, the Village Board eliminated the Gas Utility Tax and reduced the Electric Utility Tax to 4 %. Reinstating these utility taxes can be enacted quickly and would provide the Village with a potential funding source to offset reductions in State revenues.

3. Places for Eating Tax: this is a tax that can be imposed up to 1% of prepared food that is sold for immediate consumption. The tax is imposed on the owners of a business which qualifies and is typically passed on to the customer, and the Village is responsible for collecting the tax from the business owner. Staff estimates that revenue from this tax at the 1% level would be approximately \$700,000 per year.
4. Amusement Tax: a 5% tax can be imposed upon any amusement such as theatrical performances, motion picture show, videogame, carnival, bowling, billiards and pool games.

Long-term Financial Strategies

1. Non-Home Rule Sales Tax: this tax must be approved by referendum and an ordinance imposing the text must be sent to the state by April 1 (for a July 1 effective date) or October 1 (for a January 1 effective date). The tax will be imposed on the sale of general merchandise, and groceries, drugs and automobile sales are exempt. The taxes are collected by the State, and Staff estimates that each .25% increment would generate approximately \$400,000 per year, or 1,600,000 thousand dollars per year for the full 1% tax. Several surrounding communities currently utilize this (or the home-rule) sales tax.
2. Home Rule Designation: the Village may hold a referendum in order to obtain home rule authority, which generally would provide the Village with greater flexibility for additional sources of revenue including: exemption from the tax cap, Home Rule Sales Tax, Prepared Food, Beverage and Package Liquor Tax (up to 1.5%), Real Estate Transfer Tax, greater flexibility to utilize the Hotel/Motel Tax, increased bonding limits, and establishment of a Downtown Tax (up to 1 square mile) on gross receipts of food and beverages to use for public parking facilities. The Finance Committee and Staff have been researching home rule authority, and it was recently defeated in the communities of Barrington and Lake Zurich. The Mayor and Village Board have indicated their preference for holding such a referendum during non-Village Board election years, if such a referendum is attempted.
3. Storm Water Utility Fee: the Village can also establish a Storm Water Utility Fee to fund storm water related capital improvements and expenses, which continue to increase on an annual basis. Communities typically base the fee on the lot size or impervious area of a property, and the Village can collect the fee in conjunction with the bimonthly water and sewer billing process. This fee is becoming more common in older municipalities, and would generate revenue that would help reduce current general fund expenditures.
4. Property Tax Increase: the Village can increase the property tax rate through a referendum process, over the property tax cap limit. For each \$0.01 increase in the property tax rate, revenue in the amount of \$104,120 would be generated (each \$0.01 increase would amount to a 1.5% increase in a property owners total property tax paid) based on the 2014 EAV.



2016 IML LEGISLATIVE AGENDA



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The Illinois Municipal League 2016 Legislative Agenda

AUTOMATIC APPROPRIATION AUTHORITY FOR LOCAL FUNDS

Issue:

Annual appropriation authority is required for Motor Fuel Tax (MFT), casino gaming, video gaming, Use Tax and 9-1-1 revenues to be distributed to municipalities. As we learned during the 2015 fiscal year, an annual appropriation requirement can prevent these funds from being distributed, despite the fact that they are non-General Revenue Funds and do not affect state government budgets.

IML Solution:

Amend the Motor Fuel Tax, casino gaming, video gaming, Use Tax and 9-1-1 revenue laws to make them continuing appropriations so funds are automatically distributed (as with Local Government Distributive Fund revenue) without the need for an annual appropriation enactment by the General Assembly and Governor.

EXPANSION OF HOME RULE ELIGIBILITY

Issue:

Municipalities of varying sizes must address similar problems and should have a broad array of powers available to meet community challenges. The Illinois Constitution automatically grants home rule status to municipalities that reach a population threshold in excess of 25,000 residents. Non-home rule communities are granted limited authority compared to home rule communities.

IML Solution:

Grant municipalities with populations in excess of 5,000 residents home rule status. This would provide 173 communities with additional tools that they do not presently possess to address local issues. There are currently 211 home rule communities established either by population or referendum.

PUBLIC SAFETY PENSION REFORMS

Issue:

Public safety pension costs continue to increase and threaten to divert available municipal revenues away from funding other important programs and services intended to secure the health, safety and welfare of municipal residents.

IML Solution:

Non-benefit reforms remain viable options for both short-term cost management and long-term cost reduction because such reforms would not be prohibited by the Illinois Constitution. These reforms would include changing funding requirements, actuarial methodologies and pension fund consolidation.



PUBLIC SAFETY EMPLOYEE ARBITRATION REFORM

Issue:

Arbitrators are rendering decisions in labor disputes that compel local governments to offer wage and benefit awards that exceed available revenues. This results in budgetary difficulties, service reductions and layoffs to other employees.

IML Solution:

Provide additional transparency in the arbitration process and require arbitrators to base decisions primarily on actual available revenues and a municipality's current financial status.

FEDERAL DEFINITION OF "CATASTROPHIC INJURY" IN PSEBA LAW

Issue:

The Public Safety Employee Benefits Act (PSEBA) provides taxpayer-funded, lifetime health insurance benefits to police officers and firefighters, their spouses and dependents up to the age of 26. Eligibility for PSEBA benefits occurs when an employee is "catastrophically injured" while responding to an emergency. The absence of a definition of "catastrophic injury" within the PSEBA statute means that municipalities must pay lifetime health insurance premiums to otherwise able-bodied and employable individuals.

IML Solution:

The ideal solution is to define "catastrophic injury" to mean an injury severe enough to preclude gainful employment. This would entail using the federal definition of "catastrophic injury," which is found in the federal Public Safety Officer Benefits Act (PSOB).

UTILITY DEBTS COLLECTED THROUGH PROPERTY TAXES VIA SPECIAL ASSESSMENT

Issue:

Municipalities, just like businesses, face the problem of collection for services rendered. Each year, water, sewer and other utility bills go unpaid, and the cost for this is unfairly imposed upon other ratepayers. Municipalities may place a lien on the property and await a transfer of ownership, but this could lead to the municipality experiencing long delays in collecting utility debts.

IML Solution:

Allow municipalities the ability to collect unpaid utility debts by filing for a special assessment to be collected as part of the property tax bill.



NUISANCE LIENS APPLIED TO ALL PROPERTIES OWNED BY VIOLATOR

Issue:

Non-home rule municipalities have a difficult time collecting debts associated with removing specified nuisances on a property.

IML Solution:

All municipalities should have the authority to collect the costs for removing nuisances from a property by filing a pre-suit or a judgment lien against all real estate holdings owned by that property owner within the community where the nuisance exists.

ELIMINATE PENSION SPIKING

Issue:

The Illinois Pension Code is susceptible to various practices where pension payments can be increased with unused sick and vacation time, as well as end-of-career salary boosts.

IML Solution:

The correction will require both legislation and an administrative rule change.

The legislative change involves making vacation and sick time distributions non-pensionable by scheduling the distribution to occur 90 to 120 days following separation of service. The rule change involves modifying the definition of "salary" for pension purposes within the administrative code.

CORRECTING PENSION CALCULATION ERRORS

Issue:

The statute that allows for correcting mistakes in pension benefit awards involving public safety employees is flawed in that it allows for correcting clerical and administrative mistakes while making it difficult to correct mistakes that result from benefit miscalculations.

IML Solution:

The same standard that allows for the correction of mistakes in pension benefits for state employees, legislators and judges should be applied to public safety employees. Corrections should apply to any and all benefits that were calculated improperly to the advantage or detriment of the pensioner. Additionally, interest payments should be owed to the pension fund when a mistake inflates a pension benefit in the same manner as the pension fund is obligated to pay interest to the pensioner in the case of an underpayment.

SENSIBLE CHANGE TO BIDDING MUNICIPAL SERVICES

Issue:

Non-home rule municipalities are prohibited from seeking up-front cost information for services provided by architects, engineers and land surveyors if those services are likely to exceed a cost of \$25,000. This process is known as Qualified Based Selection (QBS). Only after a firm has been selected can a municipality and the selected individual or firm begin negotiations for fees. Using QBS may prevent the local government from finding the best value among firms that meet the necessary qualifications because the traditional bidding system is not allowed.

IML Solution:

Adopt the federal financial threshold for QBS, which would allow municipalities to use the Request for Qualifications (RFQ) process for projects that cost below \$150,000. This process allows municipalities to use a conventional bidding process for hiring professional services.



Memorandum

To: Chairman Moras and Members of the Finance Committee

Date: January 7, 2016

From: Patricia A. Wesolowski, Director of Finance

Subject: Proposal for Audit Services

Attached is a proposal from the Village's current audit firm, Lauterbach & Amen, LLP, to provide audit services for the years ending April 30, 2016 through April 30, 2018. Staff has been pleased with the services provided by Lauterbach & Amen (L & A) and would like to have the Finance Committee's recommendation to enter into a new 3-year contract for audit services. The contract includes costs for the next three years; however the Village has the right to terminate after any year. The costs are as follows:

Current Audit Fee	\$31,000
Proposed Fees	
April 20, 2016	\$31,000
April 30, 2017	\$32,000
April 30, 2018	\$33,000

Staff also requested a one-year contract proposal and the cost for this would be \$31,500.

The Village has been pleased with the performance and services offered by Lauterbach & Amen and would like to retain their services. In an effort to provide a level of independence, the Village required a different partner to be in charge of the audit for the past 3 year period and Staff would recommend this to continue.

In reviewing Government Finance Officers Association (GFOA) best practices on audits, the recommendation is to enter into multi-year arrangements of at least five years in duration. GFOA believes that auditor independence is enhanced by requiring the auditor to be replaced at the end of the 5-year contract; however, the lack of competition among firms fully qualified to perform public-sector audits could make this requirement counterproductive.

If the Finance Committee concurs with staff's recommendation, staff will prepare an agenda supplement for the January 26, 2016 Village Board meeting for the boards approval.



October 23, 2015

The Honorable President
Members of the Board of Trustees
Village of Libertyville, Illinois

We are pleased to confirm our understanding of the services we are to provide the Village of Libertyville, Illinois for the years ended April 30, 2016, April 30, 2017 and April 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the notes to the financial statements, which collectively comprise the basic financial statements of the Village as of and for the years ended April 30, 2016, April 30, 2017 and April 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Village's 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. As part of our engagement, we will apply certain limited procedures to the Village's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited: management's discussion and analysis, the budgetary comparison schedules, pension plan funding progress and employer contribution schedules, and other postemployment benefit obligation funding progress and employer contribution schedules.

We have also been engaged to report on supplementary information other than RSI that accompanies the Village's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole: combining and individual fund statements and budgetary comparison schedules, and other information listed as supplemental and schedules.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information: introductory and statistical information.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Village's financial statements. Our report will be addressed to the Board of Trustees of the Village. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

Management Responsibilities (Continued)

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the Village and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, will perform tests of the Village’s compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

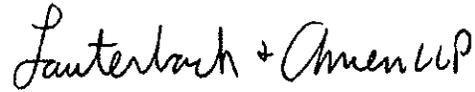
Engagement Administration, Fees, and Other

VILLAGE OF LIBERTYVILLE			
Lauterbach & Amen, LLP			
Professional Services			
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Financial Statements (CAFR)	\$31,000	\$32,000	\$33,000
Municipal Compliance Report	\$550	\$575	\$575
TIF Report	<u>\$550</u>	<u>\$560</u>	<u>\$570</u>
Total Fees	<u>\$32,100</u>	<u>\$33,135</u>	<u>\$34,145</u>
Single Audit (if required)	\$2,900	\$3,000	\$3,100

Village of Libertyville, Illinois
October 23, 2015
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We appreciate the opportunity to be of service to the Village of Libertyville, Illinois and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Cordially,



LAUTERBACH & AMEN, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Village of Libertyville, Illinois.

By: _____

Title: _____



Illinois Metropolitan Investment Fund

Investing together for
our communities

September 28, 2015

Dear IMET Liquidating Trust Participant:

Jerry Duca
Village Administrator
Village of Frankfort
Chairman

Christy Powell
Superintendent of Finance
& Personnel
Geneva Park District
Vice Chairman

Gary Szott
Director of Finance/Treasurer
Village of Bloomingdale
Treasurer

John Harrington
Director of Finance/Treasurer
Village of Minooka
Secretary

Scott Anderson
Director of Finance/Treasurer
Village of Buffalo Grove
Trustee

Chris Minick
Director of Finance
City of St. Charles
Trustee

Eileen Santschi
Accounting Manager
South Suburban Mayors and
Managers Association
Trustee

Laura F. Allen
Executive Director

Debra A. Zimmerman
Associate Director

IMET PARTICIPANT UPDATE SEPTEMBER 28, 2015

IMET received the attached status update from Pennant on Friday, September 25, 2015. We are providing this to you to keep you fully advised as to the status and developments relating to the recovery efforts.

In addition, we are pleased to advise that the Downtown Orlando hotel closed on September 25, 2015 for the agreed upon purchase price of \$12,625,000. The net proceeds paid to the Overall Receiver at the sale was approximately \$11.5 million. In addition, we have learned from the Overall Receiver that the Orlando Lake Buena Vista and the Saddlebrook New Jersey properties will be closing later today and tomorrow.

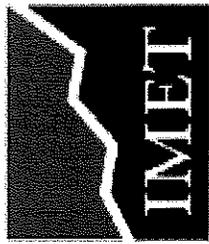
We also want to bring to your attention an issue relating to the sale of the Doubletree UCF Hotel (the "UCF Hotel"). The buyer of the UCF Hotel recently sent the Overall Receiver a Notice of Termination (the "Notice") to terminate the purchase agreement and is seeking the return of the approximate \$1.5 million held in escrow. The UCF buyer asserts, among other things, that it believes the Overall Receiver to be in default of the purchase agreement by failing to close on the September 8, 2015 date set forth in the purchase agreement. The Overall Receiver has responded and advised the UCF buyer that he does not believe the Notice to be valid and has set a closing date of October 2, 2015. The Overall Receiver has warned the UCF buyer that if it fails to close on this date, the Overall Receiver will deem the UCF buyer in default and seek the monies held in escrow. The UCF buyer has threatened to file a lawsuit against the Overall Receiver demanding the return of the escrow funds and the Overall Receiver has threatened to sue the UCF buyer for anticipatory breach of the purchase agreement. The Overall Receiver is continuing to work to resolve this issue. The good news is that the UCF Hotel is currently operating at a profit of approximately \$164,000 per month and any delay in closing will generate additional revenue to be distributed. We will continue to keep you advised of further developments relating to the sale of the UCF Hotel.

Should you have any questions, don't hesitate to call Laura Allen at IMET or IMET's outside counsel, Randall Lending of Vedder Price (312-609-7500).

Sincerely,



Jerry Duca, Chairman



Illinois
Metropolitan
Investment
Fund

IMET Activity Statement
Liquidating Trust

12/01/15 to 12/31/15

Illinois Metropolitan Investment Fund
Telephone - 630-571-0480 Ext. 229

Village of Libertyville

Transactions

Account Number	Account Name	Date	Transaction Description	Transaction Amount
As of 12/31/15				
20155101	GENERAL FUND	12/31/15	% Interest in Liquidating Trust	53.5%
20155109	ENTERPRISE FUND	12/31/15	Account Value as of 9/30/14*	53.5%
20155201	2006 BOND FUND	12/31/15	Distributed Amounts	53.5%
20155401	FIRE PENSION	12/31/15	Account Value as of 9/30/14*	53.5%
			Distributed Amounts	53.5%

* Account Value reflects the value at the time the asset was transferred to the Liquidating Trust, effective as of 9/30/14. The Account Value is not the current fair market value of the asset and IMET expects the Account Value to change. The value of the asset ultimately realized may be lower than what is reflected on this statement.

** The estimated net realizable value is management's best estimate of the current fair market value of the asset. The estimated net realizable value reflects a percentage of the 9/30/14 Account Value. This will be updated supplementally once recoveries are determined or when fair market value can be determined. As recoveries are received, the Liquidating Trust will distribute amounts to Participants on a pro rata basis.

