

INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Lombard including: Officers and Officials, Organizational Chart, Letter of Transmittal from Village Manager and Director of Finance, and Certificate of Achievement for Excellence in Financial Reporting.

VILLAGE OF LOMBARD, ILLINOIS

OFFICERS AND OFFICIALS
YEAR ENDED DECEMBER 31, 2015

LEGISLATIVE

Board of Trustees

Keith Giagnorio, Village President

Dan Whittington

Michael Fugiel

Reid Foltyniewicz

Bill Johnston

Robyn Pike

William Ware

Sharon Kuderna, Village Clerk

EXECUTIVE

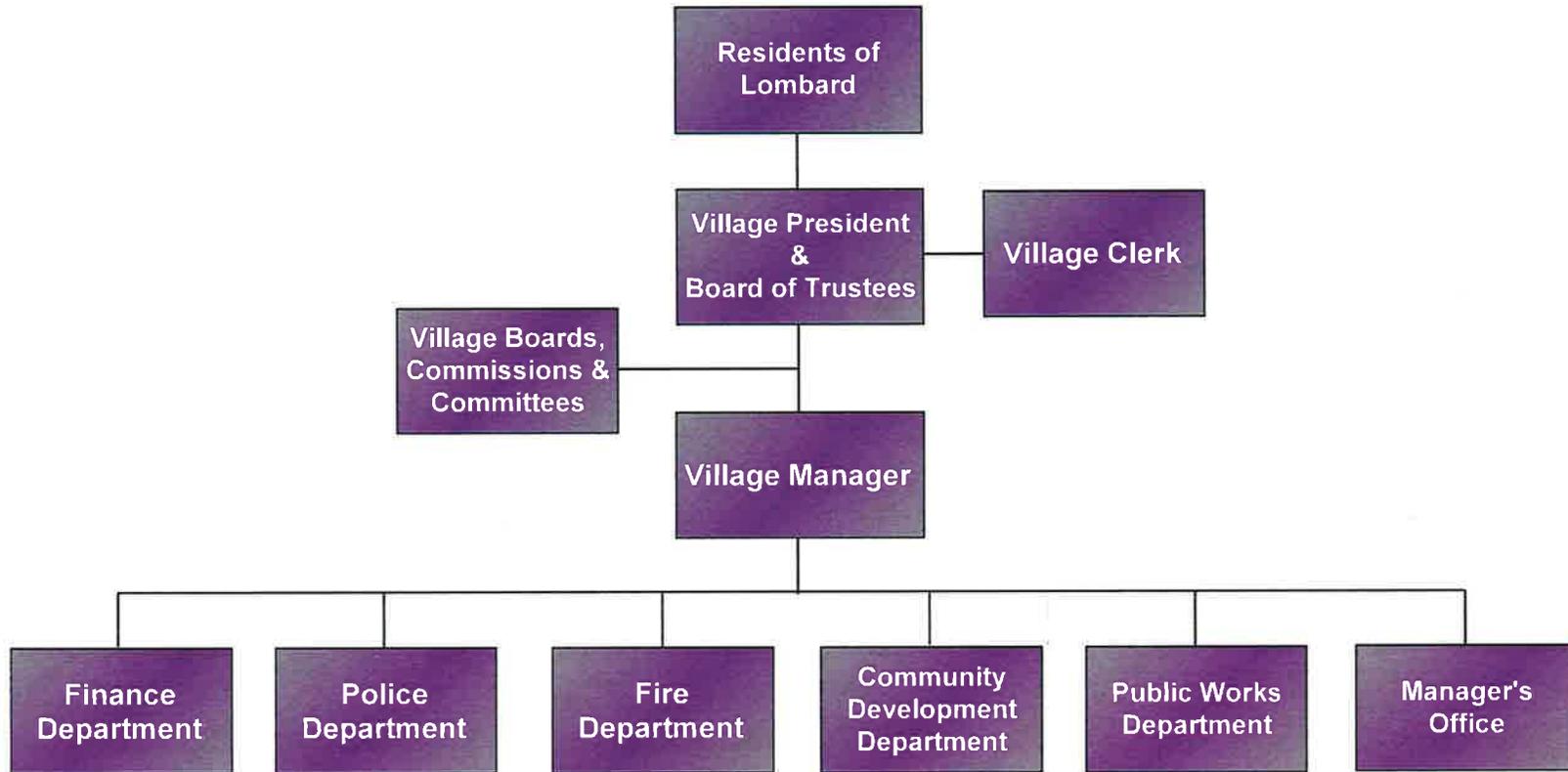
Scott Niehaus, Village Manager

FINANCE

Timothy Sexton, Director of Finance



VILLAGE OF LOMBARD





VILLAGE OF LOMBARD

255 E. Wilson Ave.
Lombard, Illinois 60148-3926
(630) 620-5700 Fax (630) 620-8222
www.villageoflombard.org

Village President

Keith T. Giagnorio

May 5, 2016

Village Clerk

Sharon Kuderna

To the Citizens of the Village of Lombard:

Trustees

Dan Whittington, Dist. 1
Michael A. Fugiel, Dist. 2
Reid Foltyniewicz, Dist. 3
Bill T. Johnston, Dist. 4
Robyn Pike, Dist. 5
William "Bill" Ware, Dist. 6

We submit to you the Comprehensive Annual Financial Report of the Village of Lombard, Illinois for the fiscal year ended December 31, 2015. The responsibility for the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the management of the Village of Lombard. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village of Lombard's financial statements in conformity with generally accepted accounting principal (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village of Lombard's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Village Manager

Scott R. Niehaus

The Village of Lombard's financial statements have been audited in accordance with generally accepted auditing standards by Lauterbach & Amen, LLP, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the Village's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

"Our shared Vision for Lombard is a community of excellence exemplified by its government working together with residents and businesses to create a distinctive sense of spirit and an outstanding quality of life."

"The Mission of the Village of Lombard is to provide superior and responsive governmental services to the people of Lombard."

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and is meant to be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

To the Citizens of the Village of Lombard
May 5, 2016

COMMUNITY PROFILE

The Village of Lombard is a non-home rule community located in the eastern portion of DuPage County. The Village provides a full range of services including general administration, finance administration and services, emergency medical services, police protection, fire fighting and fire prevention services, construction and maintenance of roads, streets and infrastructure, community development and planning, water distribution, wastewater treatment and fleet services.

The United States Census Bureau's 2010 census population decreased by 499 or 1.14% to 43,395 as compared to the 2006 special census figure of 43,894. This decrease in population is reflective of the housing market downturn, and the number of homes that have gone through the foreclosure process and are waiting to be sold.

Lombard covers an area of 10.93 square miles. The actual value of property in the Village increased by 3.6% in 2015. New construction in 2015 resulted in a 0.3% or \$3,463,340 increase in the Village's EAV. In addition, there were no annexations made during the year. Current projections anticipate an increase in EAV of 6.1% for 2016, based on information from the assessor's office. In 2016, the rate of new construction and annexations is projected to result in an increase of approximately 1.1% or \$15,000,000 in EAV for the 2016 tax year.

The Village operates under Council/Manager form of government. Policymaking and legislative authority are vested in the Village Board, which is comprised of the Village President and six trustees. Board members are elected to four-year staggered terms with three Board members elected every two years. Board members are elected by district. The Village President is elected at large to a four-year term. The Village Board hires the Village Manager who is responsible for carrying out the policies and ordinances of the Village Board, overseeing the day-to-day operations of the Village, and for appointing the heads of the Village's Police, Fire, Public Works, Finance and Community Development Departments.

The Village is centrally located in the Chicago metropolitan area just 20 miles west of downtown Chicago, 70 miles south of the Wisconsin border, 40 miles northwest of the Indiana border, and 120 miles east of the Iowa border. Lombard has easy access ground transportation that provides convenient access to anywhere in the Chicago metropolitan area. This includes a METRA Union Pacific commuter depot located in the center of downtown as well as service by PACE bus transportation. Additionally, the North-South (I-355) and East-West (I-88) tollways are located along the Village's west and south borders respectively.

In Lombard, location, access, available land, facilities, and a reliable infrastructure, including sewer and water resources, combine to contribute to a climate where businesses flourish. Lombard is an excellent place for retail businesses to grow. Modern commercial centers, a regional shopping mall, strip malls, small privately owned commercial establishments and two major auto dealerships can be found throughout the community.

To the Citizens of the Village of Lombard
May 5, 2016

MAJOR INITIATIVES

Strategic Plan: The annual budget of the Village of Lombard is prepared in light of the Strategic Plan of the Village. This plan includes both a mission and vision statement for the Village of Lombard as follows:

VISION STATEMENT: "Our shared vision for Lombard is a community of excellence exemplified by its government working together with residents and businesses to create a distinctive sense of spirit and an outstanding quality of life."

MISSION STATEMENT: "The Mission of the Village of Lombard is to provide superior and responsive governmental services to the people of Lombard."

The strategic planning session priorities for 2015 are summarized as follows:

I. Financial Stability:

- a. *Resolution of LPFC debt issue.*
- b. *Set policy for revenue review.*
- c. *CIP refined/updated to reflect major projects by 2018.*

II. Economic Development:

- a. *Develop policy targeting reduction of development costs.*
- b. *Develop business retention initiative aimed at key sites.*
- c. *Develop incentive policy targeted at specific businesses and key sites.*
- d. *Develop statistical reporting document for performance measurement.*
- e. *Sale/development of TIF property.*

III. Communication and Community Image:

- a. *Village representation at 30% of Village events.*
- b. *Conduct a citizen survey.*
- c. *Develop analytic reporting for communication goals.*
- d. *Implement employee customer service training policy.*
- e. *Adopt policy on citizen response.*

IV. Operational Sustainability:

- a. *Establish core service levels.*
- b. *Develop one internal and one external partnership.*
- c. *Establish minimum standards for employee training/education.*

The 2015 updated strategic plan was prepared in cooperation with the Village President, Board of Trustees, Village Manager and Village staff, and reflects the changing needs and priorities of the Village. The information and discussion which occurred during the preparation of the 2015 Strategic Plan was used as a basis for preparing the fiscal year 2017 annual budget.

What follows are several of the capital projects scheduled in fiscal year 2016. Funding information for each project is set forth in detail in the fiscal year 2016 Village Budget and the fiscal year 2016-fiscal year 2025 Capital Improvement Plan.

To the Citizens of the Village of Lombard
May 5, 2016

Commuter Parking Facilities

- General maintenance of parking lots
- Reconstruction of the Parkside East Lot (Martha)

Facility Maintenance and Improvements

- Village hall generator
- Police department door replacement
- Vehicle storage garage upgrades
- Community room renovations
- General facility maintenance
- Asset Management

Parking Lot Improvements

- Parking lot at 115 West St. Charles Road

Right of Way Maintenance and Beautification

- Right-of-way beautification program
- Downtown TIF streetscape improvements program
- Parkway ash tree removal and replacement program

Sewer System/Stormwater Improvements

- Clear water disconnect grant program
- IL Route 53 stormwater pump station
- N. Broadway interim pump station & force main
- Gatz Pond outfall
- Municipal complex stormwater quality unit
- Pump station component replacement
- Backyard sewer lining program
- Terrace View & Garfield pond-maintenance
- Manhole inspection & rehabilitation
- 6" diesel powered trash pump
- Maintenance programs

Sidewalk Improvements

- Trip hazard replacement program
- Deteriorated sidewalk program

Street Construction and Improvements

- Pavement marking replacement program
- Hill Avenue bridge
- Maintenance programs

To the Citizens of the Village of Lombard
May 5, 2016

Traffic Signal and Street Lighting Improvements

- Street light pole replacement
- Traffic signal & intersection (Madison & Route 53)
- TIF lighting rehabilitation
- Traffic signal modernization program replacement

Water System Improvements

- Automated meter reading (AMR)
- Watermain maintenance & improvements program
- Roosevelt Road watermain replacement phase I
- Reconstruction of concrete pit & gallery (Highland Avenue)
- SCADA system software & computer replacement
- Transmission main (Civic Center to South Booster)

Yorktown is one of Chicagoland's major regional shopping malls; an enclosed mall located on 120 acres of property and home to some approximately 160 individual retailers and is anchored by Von Maur, Carson Pirie Scott and J C Penney. Construction was completed in 2007 at The Shops on Butterfield, the lifestyle center, adjacent to Yorktown Center. This addition includes restaurants (Brio Tuscan Grille, Flat Top Grill, D.O.C. American Bistro & Wine Bar, Tom & Eddie's and Ra Sushi Bar) and specialty shops (Marshalls/HomeGoods, Forever 21, Buckle, and H&M to name a few).

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy: The Village of Lombard continues to maintain a stable financial position, with overall revenues exceeding fiscal year 2015 estimates. Revenues continued to slowly increase during the fiscal year. However, we continue to be cautious as the governor and state legislature continues to threaten cuts to local government revenue sharing. At this point, it is anticipated that there will be a cut to the income tax that is shared with local governments. However, it is uncertain to what level this revenue will be reduced.

Overall, the Village anticipates that revenues will increase minimally during fiscal year 2016. This would include sales tax, income tax, motor fuel tax, and places for eating tax revenues. The Village Board and staff have taken steps to monitor the situation and make adjustments as needed. In addition, the financial condition of the State of Illinois, and its potential impact on the revenues that are shared with municipalities, is of concern and will continue to be monitored. Despite the slow recovery in the economy over the previous several years, the Village continues to maintain a strong financial condition.

To the Citizens of the Village of Lombard
May 5, 2016

Long Term Financial Planning: The Village maintains and updates on an ongoing basis throughout the year a multi-year financial forecast for the major funds of the Village. A complete copy is included in the Village's annual budget. In addition, a ten-year capital improvement plan is in place and is updated and maintained throughout the year. The use of these financial planning tools allows the Village of Lombard to keep ahead of potential negative impacts that can occur in a declining or flat economic environment. It therefore provides an opportunity for management to advise the Village Board of negative financial trends before they adversely impact operations or the capital improvement program.

Cash Management Policies and Practices: The Village of Lombard operates under a formal investment policy recommended by the Village Finance Committee and approved by the Village Board of Trustees. This policy is reviewed on an annual basis. The policy provides basic guidelines as to diversification and maturity. The Village's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Cash temporarily idle during the year was invested in investment pools including the Illinois Metropolitan Investment Fund (IMET), the Illinois State Treasurer's pool (Illinois Funds), and in a collateralized account at Wheaton Bank. The maturities of the investments in these pools range from 90 days for Illinois Funds (immediately accessible) and the IMET Convenience Fund (immediately accessible) to 1-3 years for the IMET 1-3 year Fund (accessible with 7 days notice).

Risk Management: The Village seeks to provide a risk management program that continually analyzes losses, manages claims, and provides ongoing training and education to reduce future risks. The Village has active safety committees in the major operating departments and provides Village wide training for all employees through speakers/trainers and computer based safety training. Various other risk control techniques are used throughout the year to minimize accident-related losses.

The Village purchases excess insurance coverage from private insurers while self insuring a portion of its overall risk. From 2012-2014, the insurance market had been very competitive, resulting in lower premium costs for the Village. However, that trend ended with higher premium costs in 2015. We received a normal inflationary increase for 2016, and currently anticipate the same for 2017.

In order to offset the higher premiums over time, the Village has increased its self-insured retention (SIR) - the amount of losses the Village pays out of pocket before excess coverage takes effect - for both property and casualty, and workers' compensation coverage. The Village's decision to self-insure more of its risk created a need to set aside adequate reserves to pay for losses incurred each year that will be paid out in future years. A bi-annual actuarial assessment is made of the Village's Liability Insurance Program and this data is used to ensure that the program will be able to meet the future demands placed on it.

The Liability Insurance Program remains in a strong financial position. In addition, the Village is in the process of establishing an aggressive and effective loss prevention programs that will target areas where accidents or injuries have occurred with some frequency. Controlling losses and managing exposure to risk will remain a priority in the coming years.

Pension and other postemployment benefits: The Village provides pension benefits for its non-public safety employees through a statewide plan managed by the Illinois Municipal Retirement Fund (IMRF). The Village has no obligations in connection with employee benefits offered through this plan beyond its contractual payments to IMRF.

To the Citizens of the Village of Lombard
May 5, 2016

The Village also sponsors separate single-employer defined benefit pension plans for its police officers and firefighters, as required under state statute. Each year, an independent actuary engaged by the Village calculates the amount of the annual contribution that the Village must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, the Village fully funds each year's annual required contribution to the pension plan as determined by the actuary. The amount required is funded through property taxes.

Additional information on the Village's pension plans can be found in Note #4 in the financial statements.

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. To be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Village also received GFOA's Award for Distinguished Budget Presentation for its annual operating budget dated January 1, 2015. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgements: The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department.

Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Particular recognition goes to Anne Fairbairn, Accounting Manager, and Jamie Cunningham, Assistant Finance Director for their hard work and dedication in completing this report.

In addition, the Village wishes to recognize the staff of the firm of Lauterbach & Amen LLP, the Village auditors, and in particular Ann VanVooren, Lia Lopez, Katie Gurke, Jamie Wilkey and Ron Amen. The Village of Lombard continues to benefit from the cooperative working relationship between the Finance Department and the staff of Lauterbach & Amen LLP.

To the Citizens of the Village of Lombard
May 5, 2016

In closing we would like to thank the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the Village in a responsible and progressive manner. Without their leadership and ongoing support, preparation of this report would not have been possible.

Sincerely,



Scott R. Niehaus
Village Manager



Timothy Sexton
Director of Finance