



PUBLIC MEETING NOTICE AND AGENDA
COMMITTEE OF THE WHOLE MEETING

JUNE 11, 2019
7:45 P.M.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Audience Participation
The public is invited to make an issue-oriented comment on any matter of public concern not otherwise on the agenda. The public comment may be no longer than 3 minutes in duration.
4. Staff Presentations
 - A. Administration
 1. Request for Raffle License from EAA Chapter 790
 2. Request for Raffle License from People for Parks Foundation, Inc.
 - B. Finance
 1. Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2018
 - C. Police
 1. Service Agreement with Duncan Solutions for Automated Ordinance Citation Processing System
 - D. Public Works
 1. Ordinance Authorizing the Disposal of Surplus Property
 - E. Community Services
 1. Ad Hoc Committee on Sign Ordinance Changes
5. Board of Trustees
 - A. Trustee Harlfinger
 - B. Trustee Huckins
 - C. Trustee Bogdanowski
 - D. Trustee Dustin
 1. Planning and Zoning Commission Liaison Report
 - E. Trustee Bojarski
 - F. Trustee Murphy
 1. Parks and Recreation Board Liaison Report
6. Village President
 - A. Appointment – John Murphy - Planning & Zoning Commission (Thursday)
 - B. Proclamation – Municipal Bike Week (Thursday)

7. Audience Participation

8. Adjournment

MEETING LOCATION
Lake in the Hills Village Hall
600 Harvest Gate
Lake in the Hills, IL 60156

The Village of Lake in the Hills is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations so that they can observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the Village's facilities, should contact the Village's ADA Coordinator at (847) 960-7410 [TDD (847) 658-4511] promptly to allow the Village to make reasonable accommodations for those persons.

Posted by: _____ Date: _____ Time: _____



REQUEST FOR BOARD ACTION

MEETING DATE: June 11, 2019

DEPARTMENT: Administration

SUBJECT: Raffle License Request for EAA Chapter 790

EXECUTIVE SUMMARY

The EAA Chapter 790 is requesting a Raffle License for Sunday, June 30, 2019. The raffle will be a 50/50 raffle.

All provisions of Section 31.02 of the Village Code have been met. EAA Chapter 790 unanimously voted to request a waiver of the fidelity bond requirement associated with the Raffle Application form.

FINANCIAL IMPACT

None.

ATTACHMENTS

1. Raffle License Application

RECOMMENDED MOTION

Motion to approve the Raffle License Request and waive the fidelity bond requirement for EAA Chapter 790.



Village of Lake in the Hills
Raffle Application Form

Date of Application 4/30/19

(The Village President, with the advice and consent of the Board of Trustees, shall have 30 days in which to approve or disapprove the license applied for.)

Application Information:

Name of Organization: EAA CHAPTER 790

Date of incorporation or formation of Organization (minimum of 5 years in existence is required to qualify for license): 9/83

Does this organization fulfill the requirement of operating without profit to its members: Yes [X] No []

Purpose for which club/ organization was formed: AVIATION EDUCATION & PROMOTION

Presiding Officer's Name: PAUL RAVEIRI

Presiding Officer's Address: 1052 W. WOOD ST. PALATINE, IL 60067

Secretary's Name: BRAD DELISLE

Secretary's Address: BD 814 HANSON AVE 2212 Mustang Trl B D HENRY, IL 60050 Woodstock, IL 60098

Raffle Manager's Name: GEORGE ROBY

Raffle Manager's Address: 305 STARWOOD PASS, LITH, IL 60156

Raffle Manager's Phone #: (847) 658-3655

Raffle Manager's Date of Birth: 12/26/1951

Names & Addresses of any other individual directly involved with the administration of the raffle.

LEONARD DANEK, 401 PARK BARRINGTON DR., BARRINGTON, IL 60010

Raffle Information:

Dates raffle chances will be sold or issued: 6/30/19

Date/Time raffle is to take place: 8AM-12PM - 6/30/19

Location or Description of Premises and Address of raffle: LITH HANGAR 8407 PYOTT RD LITH, IL 60156

Location or areas within the Village where the raffle chances will be sold or issued:
Method by which the winning chance will be determined:

LITH HANGAR

DRAWING

Total number of chances to be sold:

1000

Maximum price of each raffle chance:

\$1.00

Item(s) to be raffled:

50/50 RAFFLE

Maximum Retail Value of Each Prize:

\$ UNKNOWN

\$

\$

\$

\$

\$

Retail dollar value of all prizes:

\$ UNKNOWN

Assertions:

- Yes No Does the raffle manager reside in Lake in the Hills?
- Yes No Is the raffle manager a US Citizen?
- Yes No Has the raffle manager ever been convicted of a felony under any federal or state law?
- Yes No Has the raffle manager ever been convicted of pandering or other crimes or misdemeanor opposed to decency and morality?
- Yes No Has the organization ever had a raffle license previously revoked for cause?
- Yes No Is the presiding officer, secretary, raffle manager or other individuals directly involved in the administration of the raffle, a law enforcing public official, President, Trustee, or member of the Village Board or commission, or any president or member of a County Board?
- Yes No Is there interest in the raffle for any law enforcing public official, President, Trustee, or member of the Village Board or commission, or any president or member of a County Board?
- Yes No Has the organization or raffle manager ever been convicted of a gambling offense as proscribed by either local, state or federal law?
- Yes No Has the organization or raffle manager ever been issued a federal gambling device stamp or a federal wagering stamp for the current tax period?
- Yes No Has the premises of the raffle ever been issued a federal gambling device stamp or a federal wagering stamp for the current tax period?

Bond and Fee Requirements:

- Yes No Is a waiver of the fidelity bond provision being requested of the Board of Trustees?
- Yes No If yes, has the organization provided evidence of unanimous vote in favor of the fidelity bond waiver?
- Yes No If no, is the fidelity bond attached to this application?



Village of Lake in the Hills Raffle Affirmation Page

I (we) swear (or affirm) that our organization/club is not-for-profit and that I (we) have never been convicted of any felony and are not disqualified to receive a license by reason of any matter or thing contained in this Section 31.02 of the Lake in the Hills Municipal Code or any other Ordinances of the Village, laws of the State of Illinois or of the United States of America. I also swear that no previous license issued by any state or subdivision of Federal Government has been revoked. I will not violate any of the laws of the State of Illinois or of the United States or any Ordinances of the Village of Lake in the Hills in the conduct of the raffle. I will not allow gambling devices or gambling on the premises where the drawing will be held.

I (we) understand that a fidelity bond in an amount not less than the anticipated gross receipts is needed from the manager unless notice is attached to the application that the club/organization voted, by unanimous vote, to waive such provision.

At the conclusion of the raffles, a report shall be made to the Village of Lake in the Hills as to the gross receipts, expenses and net proceeds from the raffles.

I swear that the statements contained in the application are true and correct to the best of my knowledge and belief.



[Signature]

Presiding Officer

and/or

[Signature]

Secretary

Sworn to before me this 6 day
of May, 2019
[Signature]

Notary Public
Kathryn M Holthusen



MUNICIPAL CODE SECTION 31.02 TO BE REVIEWED BY APPLICANT

I have read and will comply with Section 31.02 of the Village of Lake in the Hills Municipal Code.

[Signature]

Signature

May 6, 2019

Date



Village of Lake in the Hills Bond Waiver Request Page

The Village Code requires that the raffle manager shall give a fidelity bond in an amount not less than the anticipated gross receipts for each raffle. The bond shall be in favor of the organization and conditioned upon his/her honesty in the performance of his/her duties. The bond shall also provide that notice is given in writing to the Village of Lake in the Hills not less than thirty (30) days prior to its cancellation.

The Village president and Board of Trustees is authorized to waive the requirement for a bond by including a waiver provision the license issued, provided that by a unanimous vote of the members of the licensed organization, such a waiver is requested. Such a request does not guarantee that a waiver will be granted by the Village of Lake in the Hills; however, if your organization would like to request a waiver of the bonding requirement, please complete the following Bond Waiver Request. Please be sure to have both signatures notarized.

On the 6th day of May, 2019, the membership of EAA CHAPTER 790
(Name of Organization)

by unanimous vote requested that the Village of Lake in the Hills waive the fidelity bonding requirement for its raffle to be conducted on the attached raffle application.

Signed: [Signature]
Presiding Officer

Signed: [Signature]
Secretary

Subscribed and sworn to before me this
6 day of May, 2019

[Signature]
Notary Public
Kathryn M Holthusen



NOT FOR PROFIT STATEMENT

We, the undersigned Presiding Officer and secretary, do hereby attest that EAA CHAPTER 790 (name of organization) is a bona fide religious, charitable, labor, fraternal, educational, or veteran organization that operates without profit to their members and which have been in existence continuously for a period of five (5) years immediately before making application for a license, and which have been during that entire five (5) year period, a bona fide membership engaged in carrying out their objectives as described on the attached raffle application.

Signed: [Signature]
Presiding Officer

Signed: [Signature]
Secretary

Subscribed and sworn to before me this
6th day of May, 2019

[Signature]
Notary Public
Kathryn M Holthusen





REQUEST FOR BOARD ACTION

MEETING DATE: June 11, 2019

DEPARTMENT: Administration

SUBJECT: Raffle License Request for People for Parks Foundation

EXECUTIVE SUMMARY

The People for Parks Foundation is requesting a Raffle License for June 22, 2019 at Sunset Park during Pub in the Park. They will be selling up to 500 raffles at \$5.00 each for a chance to win various donated items. Section 31.02 of the Village Code regulates organizations that conduct raffles in the Village. Organizations desiring to conduct a raffle must apply to the Village for a raffle license.

All provisions of Section 31.02 of the Village Code have been met. The People for Parks Foundation unanimously voted to request a waiver of the fidelity bond requirement associated with the Raffle Application form.

FINANCIAL IMPACT

None

ATTACHMENTS

1. Raffle License Application

RECOMMENDED MOTION

Motion to approve the raffle license request and waive the fidelity bond requirement for the People for Parks Foundation.



Village of Lake in the Hills
Raffle Application Form

Date of Application June 4, 2019

(The Village President, with the advice and consent of the Board of Trustees, shall have 30 days in which to approve or disapprove the license applied for.)

Application Information:

Name of Organization: People For Parks Foundation, Inc.

Date of incorporation or formation of Organization (minimum of 5 years in existence is required to qualify for license): 2009

Does this organization fulfill the requirement of operating without profit to its members: Yes No

Purpose for which club/ organization was formed: Raise funds to help w/ LITH Parks + Rec expenses/programs/scholarships

Presiding Officer's Name: Bob Hickins

Presiding Officer's Address: 5420 Crossview Ln

Secretary's Name: Liz Wake man

Secretary's Address: 6 Foxfield Ct

Raffle Manager's Name: Denise Wasserman Haugk

Raffle Manager's Address: 1142 Starwood Pass

Raffle Manager's Phone #: 847 401 9366

Raffle Manager's Date of Birth: 06 29 72

Names & Addresses of any other individual directly involved with the administration of the raffle.

Raffle Information:

Dates raffle chances will be sold or issued: June 22, 2019

Date/Time raffle is to take place: 3p - 7:30p 6/22/19

Location or Description of Premises and Address of raffle: Sunset Park / Pub In the Park
5200 Miller Road
LITH

Location or areas within the Village where the raffle chances will be sold or issued:
Method by which the winning chance will be determined:

Sunset Park

Total number of chances to be sold:

Lot = 500

Maximum price of each raffle chance:

\$5

Item(s) to be raffled:

Various donated items

Maximum Retail Value of Each Prize:

\$ 200

\$

\$

\$

\$

\$

Retail dollar value of all prizes:

\$

Assertions:

- Yes No Does the raffle manager reside in Lake in the Hills?
- Yes No Is the raffle manager a US Citizen?
- Yes No Has the raffle manager ever been convicted of a felony under any federal or state law?
- Yes No Has the raffle manager ever been convicted of pandering or other crimes or misdemeanor opposed to decency and morality?
- Yes No Has the organization ever had a raffle license previously revoked for cause?
- Yes No Is the presiding officer, secretary, raffle manager or other individuals directly involved in the administration of the raffle, a law enforcing public official, President, Trustee, or member of the Village Board or commission, or any president or member of a County Board?
- Yes No Is there interest in the raffle for any law enforcing public official, President, Trustee, or member of the Village Board or commission, or any president or member of a County Board?
- Yes No Has the organization or raffle manager ever been convicted of a gambling offense as proscribed by either local, state or federal law?
- Yes No Has the organization or raffle manager ever been issued a federal gambling device stamp or a federal wagering stamp for the current tax period?
- Yes No Has the premises of the raffle ever been issued a federal gambling device stamp or a federal wagering stamp for the current tax period?

Bond and Fee Requirements:

- Yes No Is a waiver of the fidelity bond provision being requested of the Board of Trustees?
- Yes No If yes, has the organization provided evidence of unanimous vote in favor of the fidelity bond waiver?
- Yes No If no, is the fidelity bond attached to this application?



Village of Lake in the Hills Raffle Affirmation Page

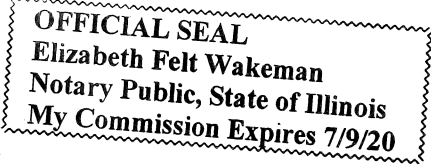
I (we) swear (or affirm) that our organization/club is not-for-profit and that I (we) have never been convicted of any felony and are not disqualified to receive a license by reason of any matter or thing contained in this Section 31.02 of the Lake in the Hills Municipal Code or any other Ordinances of the Village, laws of the State of Illinois or of the United States of America. I also swear that no previous license issued by any state or subdivision of Federal Government has been revoked. I will not violate any of the laws of the State of Illinois or of the United States or any Ordinances of the Village of Lake in the Hills in the conduct of the raffle. I will not allow gambling devises or gambling on the premises where the drawing will be held.

I (we) understand that a fidelity bond in an amount not less than the anticipated gross receipts is needed from the manager unless notice is attached to the application that the club/organization voted, by unanimous vote, to waive such provision.

At the conclusion of the raffles, a report shall be made to the Village of Lake in the Hills as to the gross receipts, expenses and net proceeds from the raffles.

I swear that the statements contained in the application are true and correct to the best of my knowledge and belief.

[Handwritten signature]
6/4/19



[Handwritten signature]

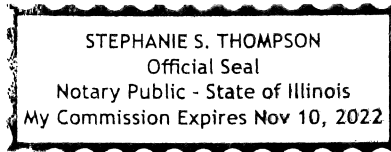
Presiding Officer

and/or

[Handwritten signature]

Secretary

Sworn to before me this 4 day
of June 20 19
[Handwritten signature]
Notary Public



MUNICIPAL CODE SECTION 31.02 TO BE REVIEWED BY APPLICANT

I have read and will comply with Section 31.02 of the Village of Lake in the Hills Municipal Code.

[Handwritten signature]

Signature

6/4/19

Date



Village of Lake in the Hills Bond Waiver Request Page

The Village Code requires that the raffle manager shall give a fidelity bond in an amount not less than the anticipated gross receipts for each raffle. The bond shall be in favor of the organization and conditioned upon his/her honesty in the performance of his/her duties. The bond shall also provide that notice is given in writing to the Village of Lake in the Hills not less than thirty (30) days prior to its cancellation.

The Village president and Board of Trustees is authorized to waive the requirement for a bond by including a waiver provision the license issued, provided that by a unanimous vote of the members of the licensed organization, such a waiver is requested. Such a request does not guarantee that a waiver will be granted by the Village of Lake in the Hills; however, if your organization would like to request a waiver of the bonding requirement, please complete the following Bond Waiver Request. Please be sure to have both signatures notarized.

On the 4 day of June, 2019, the membership of People For Parks Foundation
(Name of Organization)

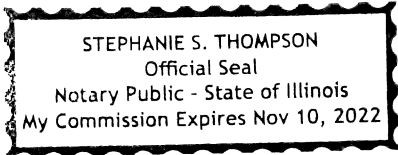
by unanimous vote requested that the Village of Lake in the Hills waive the fidelity bonding requirement for its raffle to be conducted on the attached raffle application.

Signed: [Signature]
Presiding Officer

Signed: [Signature]
Secretary

Subscribed and sworn to before me this 4 day of June, 2019
OFFICIAL SEAL
Elizabeth Felt Wakeman
Notary Public, State of Illinois
My Commission Expires 7/9/20

[Signature]
Notary Public



NOT FOR PROFIT STATEMENT

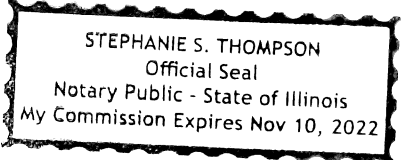
We, the undersigned Presiding Officer and secretary, do hereby attest that People For Parks Foundation (Name of organization) is a bona fide religious, charitable, labor, fraternal, educational, or veteran organization that operates without profit to their members and which have been in existence continuously for a period of five (5) years immediately before making application for a license, and which have been during that entire five (5) year period, a bona fide membership engaged in carrying out their objectives as described on the attached raffle application.

Signed: [Signature]
Presiding Officer

Signed: [Signature]
Secretary

Subscribed and sworn to before me this 4 day of June, 2019
OFFICIAL SEAL
Elizabeth Felt Wakeman
Notary Public, State of Illinois
My Commission Expires 7/9/20

[Signature]
Notary Public





REQUEST FOR BOARD ACTION

MEETING DATE: June 11, 2019

DEPARTMENT: Finance

SUBJECT: **Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2018**

EXECUTIVE SUMMARY

Attached is the Village's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018 and the Auditor's Communication to the Board of Trustees. At the April 23, 2019 COTW meeting the financial results for FY 18 were discussed in detail through the informational item power point presentation. This item builds upon that discussion and represents the formal reports that are recorded with McHenry County, posted on our website, and satisfy state statute requirements. Once the CAFR is accepted by the Village Board, it will be submitted to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting awards program and we look forward to another favorable review.

There is no memorandum stating Management's Response to the December 31, 2018 Management Letter, as there were no Management Letter comments (included in the Auditor's Communication to the Board of Trustees document) identified by the auditor's during the audit of FY 2018. Additional documents attached are the Management Letter required per Illinois Compiled Statutes and the Annual Financial Report for the Police Pension Plan that has been incorporated into the CAFR. Jim Savio, Partner with Sikich LLP, will give a brief presentation at the COTW meeting on June 11th and will be available to answer any questions the Village Board may have in regards to any of the attached items.

FINANCIAL IMPACT

None.

ATTACHMENTS

1. Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018
2. Auditor's Communication to the Board of Trustees
3. Management Letter Required per Illinois Compiled Statutes
4. Police Pension Plan Annual Financial Report for the fiscal year ended December 31, 2018

RECOMMENDED MOTION

Accept the Comprehensive Annual Financial Report, Auditor's Communication to the Board of Trustees, Management Letter Required per Illinois Compiled Statutes, and the Police Pension Annual Financial Report all for the fiscal year ended December 31, 2018.



VILLAGE OF LAKE IN THE HILLS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2018



VILLAGE OF LAKE IN THE HILLS, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2018

Prepared by the Village of Lake in the Hills Finance Department

Shane D. Johnson
Assistant Village Administrator/Finance Director

Matt Rossi
Assistant Finance Director

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
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INTRODUCTORY SECTION

**VILLAGE OF LAKE IN THE HILLS
PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

VILLAGE PRESIDENT RUSS RUZANSKI
VILLAGE CLERK CECILIA CARMAN

TRUSTEE STEPHEN HARLFINGER
TRUSTEE RAY BOGDANOWSKI
TRUSTEE BOB HUCKINS

TRUSTEE SUZANNE ARTINGHELLI
TRUSTEE BILL DUSTIN
TRUSTEE SUZETTE BOJARSKI



VILLAGE ADMINISTRATOR JENNIFER D. CLOUGH
ASSISTANT VILLAGE ADMINISTRATOR/FINANCE DIRECTOR
SHANE D. JOHNSON

VILLAGE OF LAKE IN THE HILLS ORGANIZATIONAL CHART

Citizens of
Lake in the Hills

Elected Officials

Village President
Board of Trustees
Village Clerk

Advisory Boards
and Commissions

Planning & Zoning Commission
Parks & Recreation Board
Police Commission
Police Pension Board

Village Administrator

Chief of Police

Professional Services

Village Attorney
Village Prosecutor
Village Engineer

Police Department

Administration
Patrol
Support Services

Administration
Department

Administration
Management Information Systems
Human Resources
Economic Development

Finance
Department

Finance
Customer Service
Water Billing

Community
Services
Department

Community Development
Parks and Recreation

Public Works
Department

Administration
Streets
Public Properties
Municipal Airport
Water



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Lake in the Hills
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO



June 5, 2019

The Honorable Village President
Members of the Village Board
Residents of the Village of Lake in the Hills, Illinois

The Comprehensive Annual Financial Report (CAFR) of the Village of Lake in the Hills, Illinois for the fiscal year ended December 31, 2018, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the Village to issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with general accepted auditing standards (GAAS) by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the Village of Lake in the Hills. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To provide a reasonable basis for making these representations, management of the Village 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 Lake in the Hills' financial statements in accordance with general accepted accounting principles (GAAP). Because the cost of internal control should not outweigh their benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The Village's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of Lake in the Hills for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the Village's statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Village expended less than \$750,000 of federal funds during the fiscal year ended December 31, 2018 and therefore, is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the Uniform Guidance.

GAAP requires that management provide a narrative introductions, 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 should be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

Profile of the Village of Lake in the Hills

The Village of Lake in the Hills was incorporated on November 29, 1952 and is located in the southeast portion of McHenry County Illinois. Located approximately 47 miles northwest of the City of Chicago, the Village currently occupies approximately 10.61 square miles, and has approximately 91.0 miles of streets. The population of the Village grew from 28,965 in the 2010 census to 29,228 in a 2016 special partial census. Therefore, the Village is a home rule community because its population exceeds 25,000. Home rule communities in the State of Illinois have greater control of their finances because of additional revenue generating abilities afforded to home rule communities. The Village of Lake in the Hills is empowered to levy a property tax on real property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate, by the Village Board.

The Village operates under the Board/Administrator form of government. Policy making and legislative authority are vested in the Village Board, which consists of a Village President and a six-member Board of Trustees. The Village Board is responsible, among other things, for establishing policy, passing ordinances, adopting the budget, appointing committees, and hiring the Village Administrator. The Village Administrator is responsible for carrying out the policies and ordinances of the Village Board, and for overseeing the day-to-day operations of the Village. Village Trustees are elected to four-year staggered terms with three Village Trustees elected every two years. The Village President and Village Clerk are also elected to four-year terms. The Village President, Village Trustees, and Village Clerk are all elected at large.

The Village provides a full range of services as the needs and resources of the community dictate. This range of services includes public safety (Police), the construction and maintenance of streets and other infrastructure, community development, municipal airport services, recreation, water production, treatment and distribution, planning and zoning, and general administrative services.

For financial reporting purposes, the criteria provided in Government Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61, have been considered and there are no agencies or entities which should be presented with the Village. Excluded from this report are The School Districts, Fire Districts, Sanitary District, Library Districts, Conservation District, Townships, and Park Districts. These entities are separate governments, organized under the laws of the State of Illinois. They are directed by separate Boards performing functions, which are not provided by the Village. The Village does not control their

fiscal management or operations, nor is the Village legally responsible for the funding of operations or debt.

The annual budget serves as the foundation for the Village's financial planning and control. The budget process begins in June when the five year capital schedule and any personnel requests are revised with departments. This is followed by departments providing estimates for the current fiscal year and submitting their requests for the upcoming year. The Village Administrator and Assistant Village Administrator/Finance Director spend the next several months reviewing these budget requests through departmental meetings and adjusting them to match anticipated revenues, when needed. The Village Administrator and Assistant Village Administrator/Finance Director present the proposed budget to the Village President and Board of Trustees at meetings scheduled in November. The Village Board is required to hold a public hearing on the proposed budget and to adopt the final Budget no later than December 31st of each year. The budget is adopted at the Department level.

Major Initiatives

The fiscal year began January 1, 2018 and ended on December 31, 2018. Each year the budget process allows Village officials the opportunity to review the Village's current financial position and major accomplishments over the course of the last fiscal year. A few particular accomplishments are noteworthy in this transmittal due to the magnitude of the achievement and the commitment to making the community and organization better. These include:

- Replacement of playground equipment at Sunset Park, Ken Carpenter Park, and Ryder Park
- Planting 440 Trees to replace those that were infested by the Ash Borer and destroyed by the storm in September
- Implementation of the first phase of a capital project deploying new in-squad video systems
- Replacement of siding, gutter, and roof at LaBahn Hain House along with Roof Replacement at 8 other Village owned buildings or structures
- Collaborated with the Village of Cary to study mutually beneficial strategies to bring water and sewer utilities to the Route 31 corridor
- The creation of a new Customer Service Division located in Village Hall that provides residents and businesses a one stop place to conduct all Village services

For the second consecutive year, the Village received an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ending December 31, 2017. In order to receive an award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. We believe our current report continues to conform to the PAFR Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award.

In FY17 the Village prepared and created a new strategic plan which is a living document viewable at www.lithplan.org. A shared interest between the Village Board and executive leaders

led staff to initiate a formalized planning process with an outside vendor. 2018 saw the first full year of implementation of the plan, which intends to allow the Village to focus on the delivery of core services and drive advancement in the areas that matter most. The teams assigned to the projects were responsible for developing an organization wide operational excellence program, implementing voice of customer initiatives, and categorizing core and discretionary services.

U-Haul International purchased the Centre at Lake in the Hills Shopping Center at Randall and Algonquin roads. The shopping center has a total of 99,451 square feet of retail space. Shortly after the sale of the center, U-Haul and At Home Furnishings signed an agreement to lease 82,000 square feet (the entire Dominick's space) for At Home's retail concept. The Village worked closely with both parties to ensure the space would remain retail, creating new sales tax for the community. At Home increased the size of the former Dominick's by 12,000 square feet to accommodate their retail foot print.

A reorganization, which involved moving key personnel into different leadership positions, combining departments, and establishing a customer service division resulted in an opportunity to achieve savings without a corresponding impact to the delivery of core services. The reorganization spurred the renovation of a portion of Village Hall to allow for the better utilization of space and a single point of contact service counter for customers. Reorganization was one of several driving factors behind the Village's decision to engage a third party consultant to conduct a comprehensive compensation and classification study. The study included the compilation of external and internal statistical, operational and anecdotal information for analysis and the preparation of recommendations. The study resulted in the Village's Board adoption of a new compensation philosophy, performance evaluation and compensation program.

The Water Division of the Public Works Department extended the system's infrastructure into the industrial area east of Pyott Road. This significant improvement involved the placement of new ductile iron water mains, fire hydrants, and water main values and allowed businesses of the Larsen Industrial Park to connect to the municipal water system.

The Village elected officials and staff supported the preparation and adoption of a resolution allowing the Village to establish a Special Service Area (SSA) to replace the water system infrastructure for the unincorporated Lake in the Hills and Algonquin customers. The SSA provided an alternate solution to selling the system to a private third party firm. It will serve as the vehicle by which these customers fund the necessary replacement of the water system's infrastructure in the area through a property tax levy.

As part of McHenry County's Randall Road improvement project to improve capacity along the Randall Road corridor, the Public Works Department worked with the County through an Intergovernmental Agreement (IGA) process to help the County obtain the land/easements needed for its planned project. The Water Department is responsible for the water main relocation project which will relocate or abandon Village water main that will be affected by the project. The water main relocation will be completed in 2019.

The Village re-instated a Utility Tax on natural gas and electric consumption. This, and the sale of surplus equipment, became the first dedicated revenue sources to the Village Capital Improvement Fund. Prior to FY 2018, capital purchases were fully funded by the General Fund through a transfer which resulted in delaying much needed capital investments and declining fund balance. Operating budgets are no longer impacted by capital purchases.

The Police Department purchased Laserfiche as their paperless record management software. The new software streamlines the processing of 10,000 documents generated yearly. This system eliminates redundant data entry, reduces space needed for paper document storage, and enhances document retrieval and distribution.

The MIS department replaced its Storage Area Network (SAN) which is a key component within the network that will allow for future growth and further refinement of Village systems. The SAN is a storage device (hard drive) that was in dire need of upgrade and replacement. The device houses all data, multiple servers, and virtual machines that run on Thin Clients.

Factors Affecting Financial Condition

In 2018 unemployment rate decreased once again from the prior year from 4.1% to 3.9% while GDP growth was 2.9%. These two numbers can partially be contributed to the tax cuts that were put in place in 2018. In addition to the low unemployment in 2018, the median household income also increased to \$61,822 which is an increase of 0.7% from 2017. Consumer confidence hit its highest mark in 18 years which supports healthy consumer spending and increases the Village's sales tax income. The economy decelerated noticeable in the fourth quarter partly due to a federal government shutdown.

In 2017 the State of Illinois decreased the amount of income tax distributed to municipalities. This caused the Village to decrease its 2018 budget amount by \$170,000 from FY17. Local Governments receive a share of the state income tax revenue through the Local Government Distributive Fund based on their population. In addition to the income tax reduction, the state also began to charge a 2% fee on certain types of taxes they collect on behalf of Local Governments in 2017.

Long Term Financial Planning

The Village re-instated a Utility Tax effective January 1, 2018 on natural gas and electric consumption. This and the sale of surplus equipment became the first dedicated revenue sources to the Capital Improvement Plan (CIP) Fund. Prior to 2018, capital purchases were fully funded by the General Fund through a transfer which resulted in delaying much needed capital investments, declining fund balance and the need to reduce operating expenses in order to fund large projects and purchases. These concerns have been eradicated by the implementation of reliable revenue sources. Accordingly, operating budgets are no longer impacted by capital purchases, with the exception of the opportunities certain capital purchases, such as technology, present for corresponding reductions in personnel and commodity costs. This dedicated revenue source is used for capital assets and projects in order to achieve long-term and sustainable funding for these important and high dollar amount items that have a direct benefit to our residents and businesses through our service delivery. Staff has created a schedule that lays out capital assets along with the year they are due for replacement. This long term planning helps to

avoid unexpected capital costs and ensures proper funding is available in future years. At the end of 2018, the CIP Fund was self-sustaining, ended with a positive fund balance, and did not rely on a transfer in from the General Fund.

The Motor Fuel Tax Fund (MFT) has seen increasing construction costs on a year to year basis with a revenue stream that is unable to keep up with this trend. In fiscal year 2018, \$1.5 million of general fund money was committed to the MFT fund as a short term solution to maintain roads to Village standards. Based on current projections, this \$1.5 million transfer will allow to fund to complete necessary road resurfacing projects through 2024. Village staff and elected officials are researching multiple long-term options in order to sustain the funding of the MFT Fund.

The Water Fund previously charged a yearly \$16 water main replacement fee to all of its customers. In 2018, this fee was removed as a result of the completion of the Village's water main replacement project. There are other capital assets purchased and maintained in the Water fund including well houses, pumps, water towers, vehicles, and other expensive equipment necessary for the production and distribution of potable water. The water fund has issued debt in the past for its capital projects, but the final payment was made in 2015. There is no intention to issue debt in the near future.

The Village has secured grants in multiple funds to assist in capital projects and assist in the long term financial planning. The lakes fund is responsible for the quality and upkeep of all Lakes located in the Village. Currently, a streambank restoration project is in the initial stages. When the streambank restoration is completed, it is expected that the frequency of dredging projects will decrease. The Airport Fund has also secured grants to support the resurfacing of its runway. This will also include the elimination of displaced thresholds and will increase operational safety for aircrafts arriving and departing.

As of the end of 2018, the Village has one outstanding debt issuance outstanding, which is a general obligation bond. The outstanding principal at the end of the year is \$260,000. The debt was issued in 2012 to partially refund the 2003 General Obligation Debt Certificates and the 2006 General Obligation Bonds in the Airport Fund.

Awards and Acknowledgements

State statutes require an annual audit by an independent certified public accountant. The accounting firm of Sikich LLP is the Village's auditor. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of the report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake in the Hills for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the eighteenth consecutive year that the Village has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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 preparation of this Comprehensive Annual Financial Report on a timely basis would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department especially Assistant Finance Director, Matt Rossi, who plays an integral role in the annual audit process. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

Furthermore, a special thank you to Village President Russ Ruzanski, the Village Board of Trustees, and Village Administrator, Jennifer Clough for their leadership and unfailing support and dedication in maintaining the highest standards of professionalism in financial management of the Village of Lake in the Hills.

Respectfully submitted,

A handwritten signature in cursive script that reads "Shane D. Johnson". The signature is written in black ink and includes a long, horizontal flourish extending to the right.

Shane D. Johnson
Assistant Village Administrator/Finance Director

FINANCIAL SECTION

1415 West Diehl Road, Suite 400
Naperville, IL 60563
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake in the Hills, Illinois (the Village) as of and for the year ended December 31, 2018 and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake in the Hills, Illinois, as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 12, the Village adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses for other postemployment benefit liabilities; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary 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 responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2019 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
June 5, 2019

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake in the Hills, Illinois (the Village), as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 5, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
June 5, 2019

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2018

Management of the Village of Lake in the Hills (the “Village”), presents the Village financial statements for the fiscal year ended December 31, 2018. Management’s Discussion and Analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues.
2. Provide an overview of the Village’s financial activity.
3. Identify changes in the Village’s financial position and demonstrate its ability to address subsequent year challenges.
4. Identify any material deviations from the financial plan (the approved budget).
5. Identify individual fund issues or concerns.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Since the MD&A is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Letter of Transmittal (beginning on page iv) and the Village’s financial statements (beginning on page 4).

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The financial statement’s focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance the Village’s accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village’s finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The focus of the Statement of Net Position (the “unrestricted Net Position”) is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental fund’s current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The *Statement of Net Position* presents information on all of the Village’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. 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.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

The *Statement of Activities* is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government’s general taxes and other resources. This is intended to summarize and simplify the user’s analysis of the cost of various governmental services and/or subsidy to various business-type activities. It also presents information showing how the government’s net position 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 the 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.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that 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, and recreation. The business-type activities of the Village include a water system and a municipal airport.

The government-wide financial statements can be found on pages 6 through 8 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other 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.

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar as the focus is on individual funds, rather than fund types that have been consolidated.

Governmental Funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-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 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. Governmental funds are presented on a sources and uses of liquid resource basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance.

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 government-wide financial statements.

(See independent auditor’s report)

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

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.

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Motor Fuel Tax Fund which are considered to be “major” funds. Data from the other four governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 9 through 12 of this report.

Proprietary Funds.

There are two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water system and the municipal airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village’s various functions. The Village uses an internal service fund to account for the self-funded portion of its employee medical and dental insurance benefits.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Municipal Airport Fund, and the Health Insurance Fund.

While the Business-type activities column on the Business-type Fund Financial Statements is the same as the Business-Type column on the Government-Wide Financial Statements, the Governmental Major Funds total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide statements).

The basic proprietary fund financial statements can be found on pages 13 through 17 of this report.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Fiduciary Funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village maintains one fiduciary fund, the Police Pension Fund.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

Infrastructure Assets

Historically, a government’s largest group of assets (infrastructure assets – i.e., land, streets, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the Village has chosen to depreciate assets over their useful lives. If a street project is considered maintenance – a recurring cost that does not extend the street’s original useful life or expand its capacity – the cost of the project will be expensed. Resurfacing of a street will be considered maintenance whereas a total rebuild of a street will be capitalized.

Notes to the Financial Statements

The notes provide additional information essential in understanding the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 53 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning General Fund and Motor Fuel Tax Fund revenues, expenditures and changes in fund balance, as well as the Village’s progress in funding its obligation to provide benefits to its employees. Required supplementary information can be found on pages 54 through 64 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 65 through 69 of this report.

Financial Analysis of the Village as a Whole

Beyond presenting current year financial information in the government-wide and major individual fund formats, the Village also presents comparative information from the prior year in Management’s Discussion and Analysis. By doing so, the Village is providing the best means of analyzing its financial condition and position as of December 31, 2018.

(See independent auditor’s report)

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

GOVERNMENT-WIDE STATEMENTS

Net Position

The following table reflects the condensed Statement of Net Position.

**Table 1
Statement of Net Position
As of December 31, 2018 and 2017
(In millions)**

	Governmental Activities		Business Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current & Other Assets	23.2	21.2	7.2	5.6	30.4	26.8
Capital Assets	180.0	181.0	55.4	56.3	235.4	237.3
Total Assets	203.2	202.2	62.6	61.9	265.8	264.1
Deferred Outflows	3.6	2.1	0.2	0.5	3.8	2.6
Total Assets & Deferred Outflows	206.7	204.3	62.8	62.4	269.6	266.7
Long Term Liabilities	14.1	12.6	0.5	1.1	14.6	13.7
Other Liabilities	1.6	1.5	0.9	0.5	2.5	2.0
Total Liabilities	15.7	14.1	1.4	1.6	17.1	15.7
Deferred Inflows	9.1	8.0	0.4	0.1	9.5	8.1
Total Liabilities & Deferred Inflows	24.8	22.1	1.8	1.7	26.6	23.8
Net Investment in Capital Assets	180.0	181.0	55.2	56.0	235.2	237.0
Restricted	2.9	3.1	-	-	2.9	3.1
Unrestricted	(0.9)	(1.9)	5.8	4.7	4.9	2.8
Total Net Position	182.0	182.2	61.0	60.7	243.0	242.9

For more detailed information, see the Statement of Net Position on page 6.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Normal Impacts

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

1. **Net Results of Activities** – which will impact (increase/decrease) current assets and unrestricted net position.
2. **Borrowing for Capital** – which will increase current assets and long-term debt.
3. **Spending Borrowed Proceeds on New Capital** – which will reduce current assets and increase capital assets. There is a second impact, an increase in net investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.
4. **Spending of Non-borrowed Current Assets on New Capital** – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.
5. **Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.
6. **Reduction of Capital Assets through Depreciation** – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

The Village's combined net position (which is the Village's bottom line) increased by less than \$100,000 for the fiscal year ending December 31, 2018. The net position for governmental activities decreased by \$0.2 million, while the net position for business-type activities increased by \$0.3 million.

The governmental activities total assets & deferred outflows increased by \$2.5 million due to:

- \$1.0 million decrease in capital assets
- \$1.4 million increase in total deferred outflows of resources
- \$2.1 million increase in current & other assets

The \$1.0 million decrease related to governmental capital assets was the result of the reduction of capital assets through depreciation and disposal (as described by #6 above). Just over \$1.1 million was invested into capital assets, while nearly \$2.2 million was depreciated. The Village also disposed of \$0.6 million of capital assets, of which over 95% was full depreciated.

The \$1.4 million increase related to deferred outflows of resources was a result of IMRF and Police Pension. This represents a consumption of net assets that applies to future periods and therefore is not recognized as an outflow of resources (expense) until then.

(See independent auditor's report)

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The \$2.1 million increase related to current and other assets can be mainly attributed to an increase in the Village's total cash and investments.

The governmental activities total liabilities and deferred inflows increased by \$2.7 million due to:

- \$1.5 million increase in long-term liabilities
- \$0.1 million increase in other liabilities
- \$1.1 million increase in deferred inflows

The \$1.5 million increase related to long-term liabilities was the result of a large increase to the net pension liability for the Police Pension Fund. The net pension liability for IMRF decreased by \$1.7 million

The Business-Type activities total assets & deferred outflows increased by \$0.4 million due mainly to an increase in cash and investments. There was no water main replaced in 2018 which positively affected the amount of cash in the fund.

Total Primary Government capital assets decrease by \$1.9 million due to depreciation costs related to aging infrastructure and the end of the water main replacement program.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

Activities

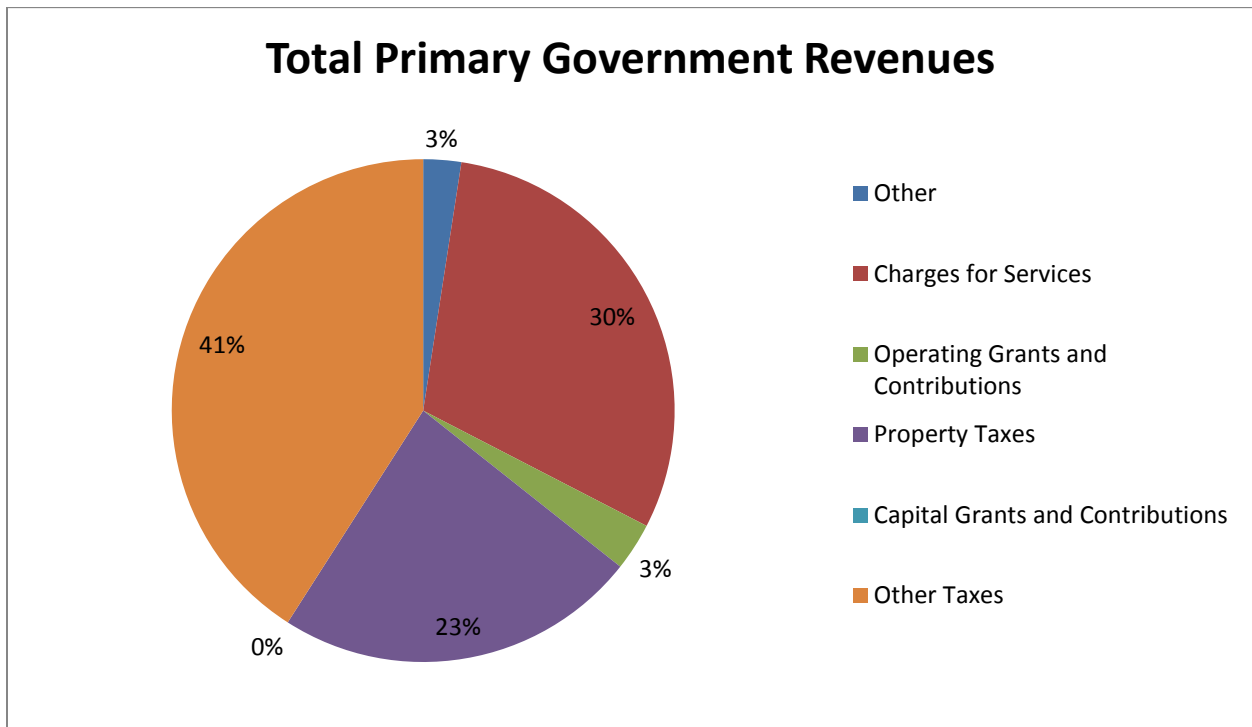
The following table summarizes the revenue and expenses of the Village’s activities.

**Table 2
Changes in Net Position
For the Fiscal Years Ended December 31, 2018 and 2017
(In millions)**

	Governmental Activities		Business Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges For Services	2.6	2.6	5.3	5.2	7.9	7.8
Operating Grants & Contributions	0.8	0.9	-	-	0.8	0.9
Capital Grants & Contributions	-	-	-	0.4	-	0.4
General Revenues:						
Property Taxes	6.1	6.1	-	-	6.1	6.1
Other Taxes	10.7	9.0	-	-	10.7	9.0
Other	0.6	0.3	0.0	0.0	0.6	0.3
Total Revenues	20.8	18.9	5.3	5.6	26.1	24.5
Expenses						
General Government	3.6	3.9	-	-	3.6	3.9
Public Safety	8.9	7.8	-	-	8.9	7.8
Public Works	6.5	6.9	-	-	6.5	6.9
Recreation	1.5	1.6	-	-	1.5	1.6
Interest & Fiscal Charges	-	-	-	-	-	-
Water	-	-	3.8	4.1	3.8	4.1
Airport	-	-	1.1	1.1	1.1	1.1
Total Expenses	20.5	20.2	4.9	5.2	25.4	25.4
Change in Net Position	0.3	(1.3)	0.4	0.4	0.7	(0.9)
Net Position, January 1	182.2	183.5	60.7	60.3	242.9	243.8
Prior Period Adjustment	-	-	-	-	-	-
Change in Accounting Principle	(0.6)	-	(0.1)	-	(0.7)	-
Net Position, December 31	181.9	182.2	61.0	60.7	242.8	242.9

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

For the current year, there was a change in accounting principle which decreased Governmental Activities by of \$0.6 million and \$0.1 million in business type activities. This can be attributed to the adoption of GASB 75 which changes the reporting for postemployment benefits other than pensions. Other significant changes from the prior fiscal year include a \$1.7 million increase in other taxes. The Village implemented a utility tax in 2018 which accounted for \$1.4 million of revenue. Public Safety saw a significant increase in expenses due items pertaining to their pension.



For the fiscal year ended December 31, 2018, revenues totaled \$26.1 million. The Village benefits from a highly diversified revenue base. Revenues from property taxes amounted to \$6.1 million or 23% of total revenues. Property taxes support governmental activities including the Village contribution to the Police Pension Fund. Property tax revenues remained at the same level as last year as the Village did **not increase its total property tax levy for the 9th consecutive year.** Property tax revenues collected in 2018 were based on the 2017 Equalized Assessed Valuation (EAV) and property tax rate. The Village’s 2018 EAV increased by 6.3% to \$688,569,936. The EAV approximates 33 1/3% of the total market value of real estate within the corporate limits of the Village. The property tax rate for 2018 was \$0.7961 per \$100 of EAV.

The “other taxes” classification includes a number of different revenue sources. Among those are sales taxes, income taxes, telecommunications taxes, and use taxes. Sales taxes are collected by the State of Illinois and remitted back to the Village on a monthly basis. The general sales tax collected by the state for sales within the corporate boundaries of the Village is 7.0%. However, only 1% of that total is remitted back to the Village of Lake in the Hills. The remainder goes to the state (5%), McHenry County (.25%) and the Regional Transportation Authority (.75%). In addition, a home rule sales tax of 1% is also collected by the State of Illinois and remitted back to the Village on a monthly basis. The home rule sales tax is not applicable to food, drugs, or licensed vehicle purchases.

(See independent auditor’s report)

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

In 2018, general sales tax revenues were \$2,921,636 compared to \$2,871,786 for 2017, while home rule sales tax revenues were \$1,927,663 compared to \$1,853,019 for 2017. The 1.7% increase in general sales tax revenue was the result of increased consumer confidence along with continued growth of the economy. The 4.0% increase in home rule sales tax revenue can be attributed to the same items listed before. The majority of the Village's retailers sell basic consumer goods such as gasoline, groceries, and other consumer supplies. Therefore, the Village's sales tax revenues are much more stable than if the underlying sales were dependent on industries with more volatile sales such as automobile dealerships or specialty stores. The year 2018 was the best to date for the Village in regards to general sales tax revenue.

Income taxes are shared with municipalities by the state on a per-capita basis. Income tax revenue for the Village increased by \$123,370, or 4.6%, from \$2,675,681 in 2017 to \$2,799,051 in 2018. Corporate and Income tax receipts were stronger than estimated by the State. In 2017 the state decreased the distributions to local governments by 10% as a result of their new distribution policy. Although there was an increase from 2017 to 2018, the amount collected in 2018 was less than the total amount collected in 2016.

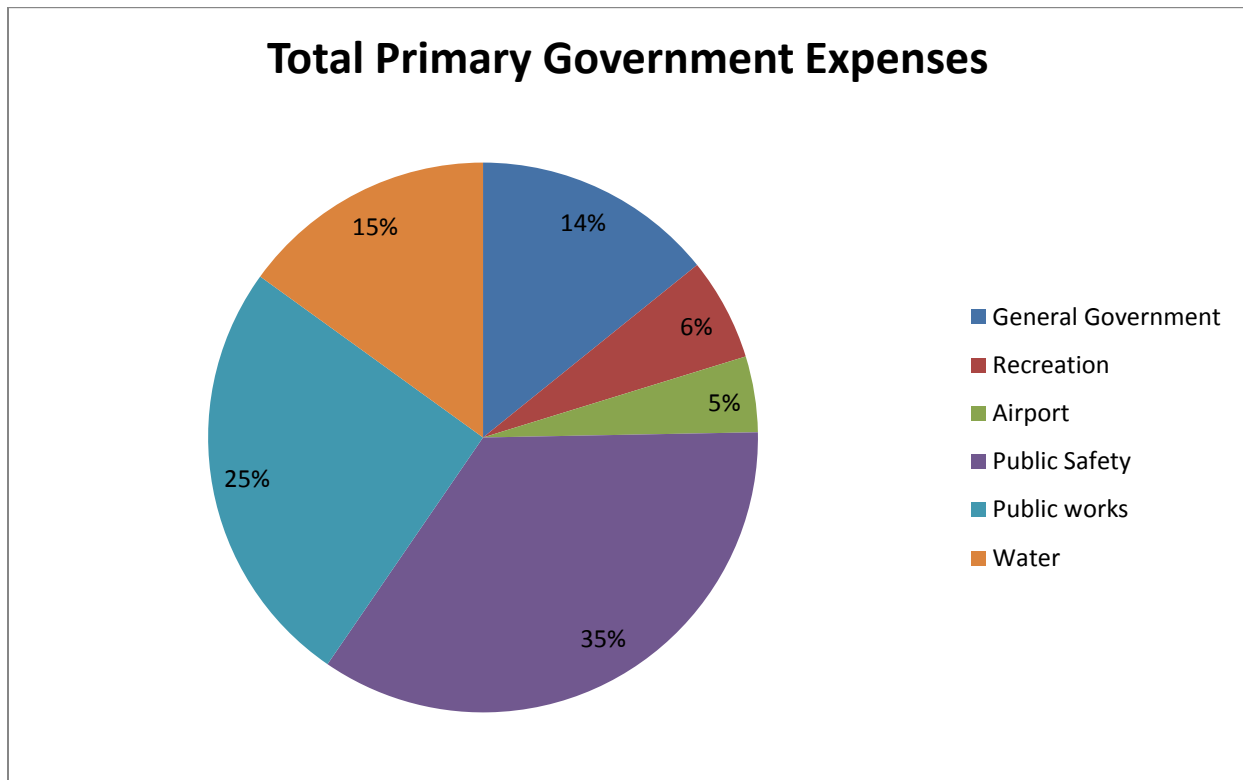
Telecommunications taxes are collected by the state and remitted back to the Village on a monthly basis. The Village's telecommunications tax rate is 6%. A total of \$454,644 was collected in 2018 which represents a 9.8% decrease from the \$504,066 that was collected in 2017. This revenue source is expected to continue to decrease over the next several years as more residents convert to internet telephone service or cellular telephone service as their primary source of communication and eliminate landline service. This revenue source has been on a steady decline for many years. As a reference, in 2008 the total revenue collected for telecommunication tax was just over \$1 million which is a decrease of 55% over that ten year period.

Use tax is a tax imposed on the privilege of using, in the State of Illinois, any item of tangible personal property that is purchased anywhere at retail. This revenue source is collected by the State and forwarded to the Village on a per capita basis. For the 2018 fiscal year \$858,587 was collected which represents a 10.9% increase from the \$774,313 collected in 2017. This revenue source is expected to increase further due to online retailers now reporting this tax to the Illinois Department of Revenue.

The major revenue component of the Charges for Services classification is fees from the Village water utility; but impact and rental fees are also a portion of this revenue. Water related revenue was \$4,377,001 in 2018 compared to \$4,364,784 in 2017. The amount of water consumed in 2018 was less than 2017 which decreased water sales revenue, but impact fees increased significantly from the prior year. Charges for services in governmental funds increased \$50,587. There was a decline in police services due to the outsourcing of dispatch services along with park programs due to less number of events provided. Impact fees increased by over \$200,000 due to commercial construction.

There was \$0.8 million of operating grants received and no were no capital grants and contributions in 2018.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**



The Village’s expenses totaled \$25.4 million in 2018 which was consistent to the 2017 total expenses.

- Public Safety expenses related to the operations of the Police Department accounted for the largest share of expenses at \$8,877,522 or 35% of the total. This represents a 13.7% increase from the 2017 total of 7,810,395. There was a decrease in operating personnel costs (salaries, taxes, insurance, and other benefits) from 2017, but an increase in professional services due to payments to SEECOM for dispatch services and pension obligations.
- Public Works related expenses were \$6,462,566 or 25% of the total. This represents a 6.5% decrease from the 2017 total of \$6,909,990. The decrease is primarily due decreased personnel costs due to reorganization as well as lower maintenance and utilities costs.
- General government expenses were 14% of the total or \$3,615,672. This represents a 7.5% decrease from the 2017 total of \$3,910,029. This increase is primarily due to decreased personnel costs and a decrease in the insurance and tort premiums.
- Recreation related expenses accounted for 6% of the total or \$1,536,271. This represents a 5.8% decrease from the 2017 total of \$1,630,270. This decrease can be mainly attributed to personnel savings due to the Village departmental reorganization.
- Water Operating and Maintenance expenses were \$3,829,950 or 15% of the total. This represents a 6.8% decrease from the 2017 total of \$4,108,906. The majority of the decrease can be attributed to personnel costs (salaries, taxes, pension, insurance, and other benefits).

(See independent auditor’s report)

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- The nineteenth year of the water main replacement program completed in 2017. The improvement replaced obsolete water main pipe, fire hydrants, and isolation valves in the eastern section of the Village. In 2018 the Water Department completed a capital project which brought water main to the industrial part of the Village.
- The Municipal Airport Fund accounted for \$1,135,554 or 5% of total expenses. This represents a 6.6% increase from the 2017 total of \$1,064,947. The increase in 2018 can be attributed to an additional \$60,000 of fuel purchased for re-sale. This ultimately resulted in an increase in fuel sales revenue of nearly \$75,000.

FINANCIAL ANALYSIS OF THE VILLAGE FUNDS

At December 31, 2018, the governmental funds had a combined fund balance of \$15,697,659. This reflects a \$2,061,204 increase from the prior fiscal year. The General Fund's fund balance increased by \$2.2 million or 22.1%. The increase in fund balance is due to the final debt payment for the 2009 G.O bond issuance being made in 2017 and not having to transfer money to the CIP fund due to its dedicated utility tax revenue source. In addition, significant personnel savings were achieved through reorganization efforts throughout the year. The budget was amended in regards to expenditures that exceeded the legal level of authority to spend which is defined at the Department level.

The Motor Fuel Tax Fund's fund balance decreased by \$111,744 or 7.0%. The decrease is due to increasing road construction costs and relatively stagnant income. Motor fuel tax revenues are almost exclusively devoted to capital outlay expenditures and, therefore, the fund balance accumulates over time until sufficient funds are available to complete a project. A resolution was passed to commit \$1.5 million of general fund's fund balance to the MFT fund as a short term solution to assist with the decreasing fund balance.

The fund balances of non-major governmental funds decreased by \$14,010 or 0.65%.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

**Table 3
General Fund Budgetary Highlights
For the Fiscal Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual
Revenues:			
Taxes	12,080,688	12,080,688	12,195,120
Charges For Services	1,782,815	1,782,815	1,747,391
Fines, Fees, and Forfeits	355,075	355,075	367,653
Other	3,336,225	3,336,225	3,810,137
Transfer In	20,000	20,000	20,005
Total Revenues	17,574,803	17,574,803	18,140,306
Expenditures and Transfer Out:			
Expenditures	(16,768,253)	(16,768,977)	(15,953,348)
Transfer Out	(489,954)	(489,230)	-
Total Expenditures and Transfer Out	(17,258,207)	(17,258,207)	(15,953,348)
Change in Fund Balance	316,596	316,596	2,186,957

The Village had originally budgeted for a \$316,596 increase to the General Fund’s fund balance. The Village conducts periodic budget reviews throughout the fiscal year to identify expenditure line items that require amendments and, accordingly, the Village Board approves a budget amendment. The amendment involved departments exceeding their legal limit to spend and also to account for any unanticipated expenditures that had occurred since the initial budget was adopted. The budget amendments did not increase total expenditures, but rather shifted unused budget amounts within Departments and/or Funds. Actual results for FY 18 that were audited resulted in \$2,186,958 increase in fund balance. The general fund expenses were under budget by \$814,629 due to the re-organization of operating departments and combining or eliminating positions through attrition. \$498,230 was budgeted to be transferred out of the general fund to fund the CIP fund, but due to the utility tax revenue coming in above budget, and capital expenditures coming in below budget, the transfer out was not required.

With respect to the business-type activities, the Water Fund reported operating income of \$542,735 and the Municipal Airport Fund reported an operating loss of \$239,809 for 2018. Although the water sales revenue decreased from FY17, the water fund saw an increase to its operating revenues mainly due to an increase to impact fees. It was identified that the water main user fees do not have to be billed for in FY2018 due to the completion of the water main replacement program. The high cost of depreciation and amortization is part of the reason for the decrease in fund balance to the airport fund.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

Capital Assets

The following schedule reflects the Village’s capital asset balances as of December 31, 2018.

**Table 4
Capital Assets
As of December 31, 2018**

	Governmental Activities	Business-Type Activities	Total
Land & Right of Way	148,157,654	13,578,019	161,735,673
Construction in Progress	23,793	2,326,515	2,350,308
Buildings & Land Improvement	19,187,056	8,327,246	27,514,302
Machinery, Equipment, & Furniture	2,419,994	883,301	3,303,295
Vehicles	2,678,378	354,150	3,032,528
Roadways	32,080,761	-	32,080,761
Storm Sewers	8,399,605	-	8,399,605
Wells, Water Towers, Distribution System	-	54,073,227	54,073,227
Computer Software	361,763	156,560	518,323
Less:			
Accumulated Depreciation	(33,330,516)	(24,281,384)	(57,611,900)
Total	179,978,488	55,417,634	235,396,122

At year-end, the Village’s investment in capital assets for both its governmental and business-type activities was \$235.4 million (net of accumulated depreciation). This represents a decrease of \$1.9 million from December 31, 2017. This slight decrease is due to a combination of the depreciation and disposal of prior years’ capital assets. In 2015 the Village’s capital asset policy called for an increase of the capitalization threshold from \$1,000 to \$3,000. This policy is still in place as of 2018.

See Note 5 to the financial statements for further information on capital assets.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

Long-Term Debt

As of December 31, 2018, the Village had a total of \$14,940,471 in long-term debt outstanding. The table below summarizes the Village’s bonded and similar indebtedness.

**Table 5
Bonded and Similar Indebtedness
As of December 31, 2018**

	Governmental Activities	Business-Type Activities	Total
G.O. Bonds	-	260,000	260,000
Premium on Bonds	-	4,814	4,814
Compensated Absences	1,033,648	114,961	1,148,609
Net Pension Liability	12,611,350	112,965	12,724,315
Net OPEB Obligation	702,692	100,041	802,733
Total	14,347,690	592,781	14,940,471

In regards to governmental activities, the final payment was made in FY2017 for the 2009 General Obligation Refunding Bonds issued to advance refund the callable portion of the 2002 General Obligation Debt Certificates issued to purchase land to be developed as parks. Additionally, as of December 31, 2018, \$1,033,648 is outstanding for compensated absences payable, \$702,692 is outstanding for net other postemployment benefit obligation which is a significant increase from FY17. With the implementation of GASB Statement No. 68, the Village is required to retroactively record the net pension liability and write-off any net pension assets/obligations previously reported. As of December 31, 2018, the net pension liability for Governmental activities is \$12,611,350.

Business-type activity debt includes \$260,000 outstanding from the 2012 General Obligation Refunding Bonds issued to advance refund the 2003 General Obligation Debt Certificates issued to finance safety improvements at the airport and to partially advance refund the 2006 General Obligation Bonds issued to finance the water main replacement program. \$114,961 is outstanding in business-type activity debt in the form of compensated absences payable as of December 31, 2018, \$100,041 is outstanding for net other postemployment benefit obligations, and \$4,814 in unamortized premium on bonds was outstanding. As mentioned above, due to GASB Statement No. 68, the net pension liability for business-type activities is \$112,965 as of December 31, 2018.

The Village received a credit rating of Aa2 by Moody’s Investors Service in connection with the issuance of its 2012 General Obligation Refunding Bonds. The rating applied to \$7.6 million of post-sale general obligation debt outstanding at that time.

See Note 6 to the financial statements for further information on long-term debt.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

Economic Factors

Although, the Village’s property tax base is predominantly residential, the commercial and industrial tax base continues to be an important component in the diversification of the Village’s tax base. In 2018, the equalized assessed valuation (EAV) for residential properties was \$617,749,425 or 89.7% of the total EAV. Farm, commercial, industrial, and Mineral EAV totaled \$70,820,511 or 10.3% of the total EAV. EAV approximates 33 1/3% of the market value of real property within the Village’s corporate limits. Property taxes imposed on property within the Village’s corporate limits provide a stable revenue source. Because the Village is a home rule municipality, it is not subject to the Property Tax Extension Limitation Law.

While the Village receives revenue from a variety of sources, it closely monitors its major revenues; sales tax, home-rule sales tax, income tax, use tax, telecommunications tax, amusement tax, and development and construction related revenue such as building permits, water connection fees, and impact fees. In 2018, sales tax, home-rule sales tax, and use tax revenue all increased. Building permits continued to increase due to the addition of commercial and residential activity. Park programs and facility rentals decreased slightly. Video and cable provider fees decreased in 2018 due to the popularity of streaming services. Due to a significant amount of rain on Labor Day weekend, Sunset Fest revenue decreased by 26%. Although the increase in sales tax and use tax revenue indicates that the local economy is improving, all other revenue sources will continue to be monitored during 2018 to ensure that the Village addresses any significant variations in revenues in a timely fashion.

The 2010 census found that the Village’s population was 28,965 which is an increase of 25.1% over the 2000 census population of 23,152. Due to the increase in population over the years, the Village has experienced increased per capita revenue from the State of Illinois for income taxes, motor fuel taxes, and use taxes. The special census that took place in 2016 showed an increase of 263 residents, totaling 29,228.

CONTACTING THE VILLAGE’S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, investors and creditors with a general overview of the Village’s finances and to demonstrate the Village’s accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Shane D. Johnson, Assistant Village Administrator/Finance Director, Village of Lake in the Hills, 600 Harvest Gate, Lake in the Hills, Illinois 60156.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 14,694,028	\$ 6,074,148	\$ 20,768,176
Due from Other Governments	1,736,314	40,854	1,777,168
Accounts Receivable	363,846	938,447	1,302,293
Property Taxes Receivable	6,117,003	-	6,117,003
Accrued Interest Receivable	17,021	16,012	33,033
Inventory	83,601	28,091	111,692
Prepaid Expenses	249,508	44,240	293,748
Capital Assets not Being Depreciated	148,181,447	15,904,534	164,085,981
Capital Assets (Net of Accumulated Depreciation)	31,797,041	39,513,100	71,310,141
Total Assets	203,239,809	62,559,426	265,799,235
DEFERRED OUTFLOWS OF RESOURCES			
Pension Items - Police Pension	2,813,421	-	2,813,421
Pension Items - IMRF	747,864	214,283	962,147
Unamortized Loss on Refunding	-	889	889
Total Deferred Outflows of Resources	3,561,285	215,172	3,776,457
Total Assets and Deferred Outflows of Resources	206,801,094	62,774,598	269,575,692
LIABILITIES			
Accounts Payable	501,067	571,063	1,072,130
Accrued Interest Payable	-	317	317
Accrued Payroll	519,996	84,526	604,522
Unearned Revenue	36,139	8,137	44,276
Deposits Payable	321,330	122,465	443,795
Noncurrent Liabilities			
Due Within One Year	234,246	86,908	321,154
Due in More Than One Year	14,113,444	505,873	14,619,317
Total Liabilities	15,726,222	1,379,289	17,105,511
DEFERRED INFLOWS OF RESOURCES			
Pension Items - IMRF	1,374,827	393,926	1,768,753
OPEB Items	41,266	5,875	47,141
Pension Items - Police Pension	1,589,266	-	1,589,266
Deferred Property Taxes	6,117,003	-	6,117,003
Total Deferred Inflows of Resources	9,122,362	399,801	9,522,163
Total Liabilities and Deferred Inflows of Resources	24,848,584	1,779,090	26,627,674
NET POSITION			
Net Investment in Capital Assets	179,978,488	55,153,709	235,132,197
Restricted for			
Public Safety	134,255	-	134,255
Veterans Memorial	13,125	-	13,125
Maintenance of Roadways	1,491,323	-	1,491,323
Special Service Areas	1,291,085	-	1,291,085
Unrestricted (Deficit)	(955,766)	5,841,799	4,886,033
TOTAL NET POSITION	\$ 181,952,510	\$ 60,995,508	\$ 242,948,018

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 3,615,672	\$ 1,488,670	\$ -	\$ -
Public Safety	8,877,522	377,920	22,078	-
Public Works	6,462,566	-	783,127	-
Recreation	1,536,271	763,008	-	-
Total Governmental Activities	20,492,031	2,629,598	805,205	-
Business-Type Activities				
Water	3,829,950	4,377,001	-	-
Municipal Airport	1,135,554	887,571	-	-
Total Business-Type Activities	4,965,504	5,264,572	-	-
TOTAL PRIMARY GOVERNMENT	\$ 25,457,535	\$ 7,894,170	\$ 805,205	\$ -

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (2,127,002)	\$ -	\$ (2,127,002)
	(8,477,524)	-	(8,477,524)
	(5,679,439)	-	(5,679,439)
	(773,263)	-	(773,263)
	<u>(17,057,228)</u>	<u>-</u>	<u>(17,057,228)</u>
	-	547,051	547,051
	-	(247,983)	(247,983)
	-	299,068	299,068
	<u>(17,057,228)</u>	<u>299,068</u>	<u>(16,758,160)</u>
General Revenues			
Taxes			
Property	6,125,852	-	6,125,852
Sales	2,921,636	-	2,921,636
Home Rule	1,927,663	-	1,927,663
Use	858,587	-	858,587
Simplified Telecommunications	454,644	-	454,644
Utility	1,372,683	-	1,372,683
Other	385,743	-	385,743
Intergovernmental - Unrestricted			
Income Tax	2,799,051	-	2,799,051
Investment Income	363,672	73,773	437,445
Miscellaneous	193,450	6,050	199,500
Total	<u>17,402,981</u>	<u>79,823</u>	<u>17,482,804</u>
CHANGE IN NET POSITION	<u>345,753</u>	<u>378,891</u>	<u>724,644</u>
NET POSITION, JANUARY 1	182,180,572	60,712,131	242,892,703
Change in Accounting Principle	<u>(573,815)</u>	<u>(95,514)</u>	<u>(669,329)</u>
RESTATED NET POSITION, JANUARY 1	<u>181,606,757</u>	<u>60,616,617</u>	<u>242,223,374</u>
NET POSITION, DECEMBER 31	<u>\$ 181,952,510</u>	<u>\$ 60,995,508</u>	<u>\$ 242,948,018</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

	General	Motor Fuel Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 11,050,281	\$ 1,434,463	\$ 2,102,498	\$ 14,587,242
Due from Other Governments	1,672,832	63,482	-	1,736,314
Accounts Receivable	218,884	-	144,962	363,846
Property Taxes Receivable	5,661,723	-	455,280	6,117,003
Accrued Interest Receivable	6,261	-	10,760	17,021
Inventory	83,601	-	-	83,601
Prepaid Items	249,508	-	-	249,508
TOTAL ASSETS	\$ 18,943,090	\$ 1,497,945	\$ 2,713,500	\$ 23,154,535
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 338,324	\$ 6,622	\$ 117,462	\$ 462,408
Accrued Payroll	519,996	-	-	519,996
Unearned Revenues	36,139	-	-	36,139
Deposits Payable	321,330	-	-	321,330
Total Liabilities	1,215,789	6,622	117,462	1,339,873
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	5,661,723	-	455,280	6,117,003
Total Deferred Inflows of Resources	5,661,723	-	455,280	6,117,003
Total Liabilities and Deferred Inflows of Resources	6,877,512	6,622	572,742	7,456,876
FUND BALANCES				
Nonspendable				
Inventory	83,601	-	-	83,601
Prepaid Items	249,508	-	-	249,508
Restricted				
Public Safety	134,255	-	-	134,255
Veterans Memorial	13,125	-	-	13,125
Maintenance of Roadways	-	1,491,323	-	1,491,323
Special Service Areas	-	-	1,291,085	1,291,085
Committed				
Maintenance of Roadways	1,500,000	-	-	1,500,000
Assigned				
Capital Projects	-	-	106,210	106,210
Lake Restoration	-	-	743,463	743,463
Unassigned				
General Fund	10,085,089	-	-	10,085,089
Total Fund Balances	12,065,578	1,491,323	2,140,758	15,697,659
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,943,090	\$ 1,497,945	\$ 2,713,500	\$ 23,154,535

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

December 31, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 15,697,659
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	179,978,488
Compensated absences payable is not due and payable in the current period and, therefore, is not reported in governmental funds	(1,033,648)
Total OPEB Liability is not due and payable in the current period and, therefore, is not reported in governmental funds	(702,692)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings for the total OPEB liability are recognized as deferred outflows and inflows of resources on the statement of net position	(41,266)
Net pension liability for the Illinois Municipal Retirement Fund (IMRF) is shown as a liability on the statement of net position	(394,257)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for IMRF are recognized as deferred outflows and inflows of resources on the statement of net position	(626,963)
Net pension liability for the Police Pension Plan is shown as a liability on the statement of net position	(12,217,093)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Police Pension Plan are recognized as deferred outflows and inflows of resources on the statement of net position	1,224,155
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>68,127</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 181,952,510</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

	General	Motor Fuel Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 12,195,120	\$ -	\$ 1,847,690	\$ 14,042,810
Licenses and Permits	398,604	-	-	398,604
Intergovernmental	2,825,128	783,127	-	3,608,255
Charges for Services	1,747,391	-	-	1,747,391
Fines, Fees and Forfeits	367,653	-	-	367,653
Developer Contributions	-	-	1,010	1,010
Investment Income	298,018	30,520	35,134	363,672
Miscellaneous	288,387	-	20,002	308,389
Total Revenues	18,120,301	813,647	1,903,836	20,837,784
EXPENDITURES				
Current				
General Government	2,919,808	-	377,273	3,297,081
Public Safety	7,935,683	-	-	7,935,683
Public Works	3,736,648	925,391	-	4,662,039
Recreation	1,361,209	-	-	1,361,209
Capital Outlay	-	-	1,609,755	1,609,755
Total Expenditures	15,953,348	925,391	1,987,028	18,865,767
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,166,953	(111,744)	(83,192)	1,972,017
OTHER FINANCING SOURCES (USES)				
Transfers In	20,005	-	-	20,005
Transfers (Out)	-	-	(20,005)	(20,005)
Sale of Capital Assets	-	-	89,187	89,187
Total Other Financing Sources (Uses)	20,005	-	69,182	89,187
NET CHANGE IN FUND BALANCES	2,186,958	(111,744)	(14,010)	2,061,204
FUND BALANCES, JANUARY 1	9,878,620	1,603,067	2,154,768	13,636,455
FUND BALANCES, DECEMBER 31	\$ 12,065,578	\$ 1,491,323	\$ 2,140,758	\$ 15,697,659

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,061,204
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	1,200,640
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(2,175,584)
Gains (losses) on the disposal of capital assets is reported in the governmental activities	(17,310)
The change in compensated absences payable is shown as an expense on the statement of activities	(80,230)
The change in the total OPEB liability is not a current financial resource and, therefore, is not reported in the governmental funds	17,057
The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	1,707,443
The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(1,783,341)
The change in deferred inflows and outflows of resources for the total OPEB liability is reported only in the statement of activities	(41,266)
The change in the net pension liability for the Police Pension Plan is reported only in the statement of activities	(2,654,461)
The change in deferred inflows and outflows for the Police Pension Plan is reported only in the statement of activities	2,173,740
The change in net position of internal service funds is reported with governmental activities	<u>(62,139)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 345,753</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2018

	Business-Type Activities			Governmental
	Municipal		Total	Internal
	Water	Airport		Service Fund
CURRENT ASSETS				
Cash and Investments	\$ 5,733,469	\$ 340,679	\$ 6,074,148	\$ 106,786
Accounts Receivable	915,487	22,960	938,447	-
Accrued Interest Receivable	16,012	-	16,012	-
Inventory	-	28,091	28,091	-
Prepaid Expenses	42,809	1,431	44,240	-
Due From Other Governments	-	40,854	40,854	-
Total Current Assets	6,707,777	434,015	7,141,792	106,786
NONCURRENT ASSETS				
Capital Assets				
Capital Assets Not Being Depreciated	819,426	15,085,108	15,904,534	-
Capital Assets Being Depreciated	55,451,437	8,343,047	63,794,484	-
Accumulated Depreciation	(21,120,523)	(3,160,861)	(24,281,384)	-
Net Capital Assets	35,150,340	20,267,294	55,417,634	-
Total Noncurrent Assets	35,150,340	20,267,294	55,417,634	-
Total Assets	41,858,117	20,701,309	62,559,426	106,786
DEFERRED OUTFLOWS OF RESOURCES				
Pension Items - IMRF	197,913	16,370	214,283	-
Unamortized Loss on Refunding	-	889	889	-
Total Deferred Outflows of Resources	197,913	17,259	215,172	-
Total Assets and Deferred Outflows of Resources	42,056,030	20,718,568	62,774,598	106,786
CURRENT LIABILITIES				
Accounts Payable	473,323	97,740	571,063	38,659
Accrued Interest Payable	-	317	317	-
Accrued Payroll	76,185	8,341	84,526	-
Accrued Compensated Absences Payable	21,588	1,404	22,992	-
Unearned Revenue	75	8,062	8,137	-
Deposits Payable	109,363	13,102	122,465	-
Total OPEB Liability	3,916	-	3,916	-
General Obligation Bonds Payable	-	60,000	60,000	-
Total Current Liabilities	684,450	188,966	873,416	38,659
LONG-TERM LIABILITIES				
Accrued Compensated Absences Payable	86,351	5,618	91,969	-
Net Pension Liability	104,335	8,630	112,965	-
General Obligation Bonds Payable	-	204,814	204,814	-
Total OPEB Liability	96,125	-	96,125	-
Total Long-Term Liabilities	286,811	219,062	505,873	-
Total Liabilities	971,261	408,028	1,379,289	38,659
DEFERRED INFLOWS OF RESOURCES				
Pension Items - IMRF	363,831	30,095	393,926	-
OPEB Items	5,875	-	5,875	-
Total Deferred Inflows of Resources	369,706	30,095	399,801	-
Total Liabilities and Deferred Inflows of Resources	1,340,967	438,123	1,779,090	38,659

(This statement is continued on the following page.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

December 31, 2018

	Business-Type Activities			Governmental
	Municipal			Internal
	Water	Airport	Total	Service Fund
NET POSITION				
Net Investment in Capital Assets	\$ 35,150,340	\$ 20,003,369	\$ 55,153,709	\$ -
Unrestricted	5,564,723	277,076	5,841,799	68,127
TOTAL NET POSITION	\$ 40,715,063	\$ 20,280,445	\$ 60,995,508	\$ 68,127

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-Type Activities			Governmental
	Water	Municipal	Total	Internal
		Airport		Service Fund
OPERATING REVENUES				
Charges for Sales and Services	\$ 4,377,001	\$ 887,571	\$ 5,264,572	\$ 217,361
Miscellaneous	3,294	2,756	6,050	-
Total Operating Revenues	4,380,295	890,327	5,270,622	217,361
OPERATING EXPENSES				
Operating and Administrative	2,453,702	738,076	3,191,778	280,773
Depreciation and Amortization	1,383,858	392,060	1,775,918	-
Total Operating Expenses	3,837,560	1,130,136	4,967,696	280,773
OPERATING INCOME (LOSS)	542,735	(239,809)	302,926	(63,412)
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	68,217	5,556	73,773	1,273
Interest and Fiscal Charges	-	(5,418)	(5,418)	-
Gain (Loss) on Sale of Capital Assets	7,610	-	7,610	-
Total Non-Operating Revenues (Expenses)	75,827	138	75,965	1,273
CHANGE IN NET POSITION	618,562	(239,671)	378,891	(62,139)
NET POSITION, JANUARY 1	40,192,015	20,520,116	60,712,131	130,266
Change in Accounting Principle	(95,514)	-	(95,514)	-
NET POSITION, JANUARY 1 RESTATED	40,096,501	20,520,116	60,616,617	130,266
NET POSITION, DECEMBER 31	\$ 40,715,063	\$ 20,280,445	\$ 60,995,508	\$ 68,127

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-Type Activities			Governmental
	Water	Municipal	Total	Activities
		Airport		Internal
				Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 4,368,926	\$ 882,162	\$ 5,251,088	\$ 217,361
Receipts from Miscellaneous Revenues	3,294	2,756	6,050	-
Payments to Suppliers	(908,237)	(579,315)	(1,487,552)	(272,862)
Payments to Employees	(1,534,760)	(203,328)	(1,738,088)	-
Net Cash from Operating Activities	1,929,223	102,275	2,031,498	(55,501)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
None	-	-	-	-
Net Cash from Noncapital Financing Activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(479,645)	(13,640)	(493,285)	-
Proceeds from Sale of Capital Assets	7,610	-	7,610	-
Principal Paid on Long-Term Debt	-	(60,000)	(60,000)	-
Interest Payments on Long-Term Debt	-	(6,622)	(6,622)	-
Grants	-	55,284	55,284	-
Net Cash from Capital and Related Financing Activities	(472,035)	(24,978)	(497,013)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase) Sale of Investments	(22,037)	-	(22,037)	116,627
Interest Received	67,792	5,556	73,348	1,273
Net Cash from Investing Activities	45,755	5,556	51,311	117,900
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,502,943	82,853	1,585,796	62,399
CASH AND CASH EQUIVALENTS, JANUARY 1	3,141,860	257,826	3,399,686	(9,020)
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 4,644,803	\$ 340,679	\$ 4,985,482	\$ 53,379
CASH AND INVESTMENTS				
Cash and Cash Equivalents	\$ 4,644,803	\$ 340,679	\$ 4,985,482	\$ 53,379
Investments	1,088,666	-	1,088,666	53,407
TOTAL CASH AND INVESTMENTS	\$ 5,733,469	\$ 340,679	\$ 6,074,148	\$ 106,786

(This statement is continued on the following page.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-Type Activities			Governmental
	Water	Municipal Airport	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 542,735	\$ (239,809)	\$ 302,926	\$ (63,412)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	1,383,858	392,060	1,775,918	-
Other Non-Operating Expenses	-	222	222	-
(Increase) Decrease in				
Accounts Receivable	(8,150)	(5,549)	(13,699)	-
Inventory	-	7,580	7,580	-
Prepaid Expenses	(19,482)	(651)	(20,133)	-
Pension Items - IMRF	252,479	30,320	282,799	-
Increase (Decrease) in				
Accounts Payable	19,564	(50,421)	(30,857)	7,911
Deposits Payable	5,780	5,723	11,503	-
Accrued Expenses	7,095	(768)	6,327	-
Unearned Revenue	75	140	215	-
Net Pension Liability	(509,178)	(54,970)	(564,148)	-
Pension Items - IMRF	251,001	18,398	269,399	-
OPEB Items	5,875	-	5,875	-
Total OPEB Liability	(2,429)	-	(2,429)	-
NET CASH FROM OPERATING ACTIVITIES	\$ 1,929,223	\$ 102,275	\$ 2,031,498	\$ (55,501)

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION PLAN**

December 31, 2018

ASSETS	
Cash	\$ 549,035
Investments	
Illinois Funds	75,191
Illinois Metropolitan Investment Fund	2
First American Government Obligation Fund	744,698
U.S. Treasury Securities	3,637,519
U.S. Agency Securities	885,319
Municipal Bonds	175,768
Corporate Bonds	6,681,709
Fixed Income Mutual Funds	297,670
Equity Mutual Funds	14,963,141
Prepays	2,249
Receivables	
Accrued Interest	86,628
	<hr/>
Total Assets	28,098,929
LIABILITIES	
Accounts Payable	87,760
	<hr/>
NET POSITION RESTRICTED FOR PENSION	\$ 28,011,169
	<hr/> <hr/>

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

ADDITIONS

Contributions	
Employer	\$ 1,369,010
Employee	<u>352,057</u>
Total Contributions	<u>1,721,067</u>
Investment Income	
Net (Depreciation) in Fair Value of Investments	(1,916,356)
Interest	<u>612,552</u>
Total Investment Income	(1,303,804)
Less Investment Expense	<u>(84,648)</u>
Net Investment Income	<u>(1,388,452)</u>
Total Additions	<u>332,615</u>

DEDUCTIONS

Pension Benefits	1,019,055
Administrative Expenses	<u>44,211</u>
Total Deductions	<u>1,063,266</u>

NET DECREASE (730,651)

**NET POSITION RESTRICTED
FOR PENSION**

January 1	<u>28,741,820</u>
December 31	<u>\$ 28,011,169</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Lake in the Hills, Illinois (the Village) are in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies of the Village.

A. Reporting Entity

The Village is a municipal corporation established under Illinois Compiled Statutes governed by an elected Board of Trustees and Village President. The Village's reporting entity has been defined pursuant to GASB Statement Nos. 14 and 61. The Village has determined that the Police Pension Plan should be blended in the Village's reporting entity.

B. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. A minimum number of funds are maintained consistent with legal and managerial requirements.

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

Governmental funds are used to account for all or most of the Village's general activities. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The General Fund is used to account for all activities of the general government not accounted for in some other fund.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The Village reports the following major governmental funds:

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Motor Fuel Tax Fund accounts for capital improvement projects, such as road reconstruction and resurfacing, which are financed by the Village's share of restricted state motor fuel taxes. All projects require the advance approval of the Illinois Department of Transportation. The Village has elected to report this fund as major.

The Village reports the following major proprietary funds:

The Water Fund accounts for the activities of the water operations.

The Municipal Airport Fund accounts for the revenues and expenses associated with the operation and maintenance of the Lake in the Hills Airport.

The Village reports an internal service fund. This fund, the Health Insurance Fund, accounts for the partially self-funded medical insurance plan and the self-funded dental insurance plan for village employees. The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund.

D. Measurement Focus, 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 and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

Governmental fund financial statements 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. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for income taxes, sales taxes and telecommunications taxes, which use a 90-day period.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Village recognizes property taxes when they become both measurable and available in the period the levy is intended to finance. Taxpayer assessed tax revenues are recognized as revenue when owed to the intermediary collecting agent for sales taxes and telecommunications taxes. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, sales taxes, income taxes, telecommunication taxes, franchise taxes, licenses, interest revenue and charges for services. Permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

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

E. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

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

G. Inventory

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The Village uses the consumption method to account for governmental fund inventories.

H. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses. The Village uses the consumption method to account for governmental fund prepaid items.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm sewers and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been reported retroactively as of December 31, 2007. Capital assets are defined by the Village as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Computer Software, Office Furniture and Equipment	\$ 3,000
Vehicles and Storm Sewers	20,000
Buildings and Land Improvements	35,000
Roadways, Water Storage and Distribution	80,000

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Buildings, Land Improvements and Infrastructure	20-65
Vehicles	4-8
Machinery, Furniture and Equipment	5-15

J. Compensated Absences

Vested or accumulated vacation and sick leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and sick leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees.

K. Interfund Transactions

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

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, if any, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

M. Long-Term Obligations

In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

N. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village’s Board of Trustees, which is considered the Village’s highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance/Net Position (Continued)

represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's Finance Director, subject to the approval of the Village Administrator, through the approved fund balance policy of the Village. Any residual fund balance of the General Fund or any deficit fund balances in other governmental funds are reported as unassigned.

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.

The Village has established fund balance policies for their general and special revenue funds. It is the policy of the Village to maintain in the General Fund a minimum fund balance consisting of 25% of the operating expenditures of the General Fund during the prior 12-month period. Special revenue funds shall maintain a fund balance that is the lesser of (a) one year's operating expenditures during the prior 12-month period or (b) \$50,000.

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

O. Deferred Outflows/Inflows of Resources

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Use of Estimates

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

2. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the Village.

- The property tax lien date is January 1.
- The annual tax levy ordinance for the 2018 levy was passed on December 13, 2018.
- Property taxes for the 2018 levy are due to the County Collector in two installments, June 4 and September 4. The County Collector remits the collections to the Village primarily in June to November.
- The 2018 taxes are intended to finance the 2019 fiscal year and are not considered available or earned for current operations and, therefore, are shown as unavailable/deferred revenue.

3. DEPOSITS AND INVESTMENTS

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

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. The deposits and investments of the pension trust fund are held separately from those of other funds.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

Permitted Deposits and Investments - The Village's investment policy allows for deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, The Illinois Funds and IMET.

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

IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

A. Deposits

To guard against custodial credit risk for deposits with financial institutions, the Village and Police Pension Plan investment policies require that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of 110% of the uninsured deposits with the collateral held by a third party acting as the agent of the Village and Police Pension Plan. The bank balances are covered by federal depository insurance or by collateral held by the Village or its agent in the Village's name.

B. Village Investments

As of December 31, 2018, the Village had the following investments and maturities in securities subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Municipal Bonds	\$ 909,840	\$ 316,470	\$ 593,370	\$ -	\$ -
Negotiable Certificates of Deposit	5,320,047	1,424,512	3,895,535	-	-
TOTAL	\$ 6,229,887	\$ 1,740,982	\$ 4,488,905	\$ -	\$ -

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

B. Village Investments (Continued)

In accordance with its investment policy, the Village limits its exposure to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment, by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The Village has the following recurring fair value measurements as of December 31, 2018: negotiable certificates of deposit of \$5,320,047 and municipal bonds of \$909,840 are valued using significant other observable outputs for similar investments and are part of a limited secondary market (Level 2 inputs).

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools, municipal bonds and negotiable certificates of deposit.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held in a custodial account with the trust department of an approved financial institution. The Illinois Funds, IMET and money market mutual funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid unreasonable risk.

C. Police Pension Plan Investments

The Police Pension Plan's investment policy authorizes the Police Pension Plan to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standards rating agencies, The Illinois Funds and IMET. Assets of the Police Pension Plan may also be invested in certain non-U.S. obligations, mortgages, equity securities, life insurance company contracts, mutual funds, investment grade corporate bonds, stocks, subject to certain conditions and real estate investment trusts.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

C. Police Pension Plan Investments (Continued)

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

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

It is the policy of the Police Pension Plan to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Plan and conforming to all state and local statutes governing the investment of public funds, using the "prudent investment expert" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and return on investments.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Plan's deposits may not be returned to it. The Police Pension Plan's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank of Boston.

As of December 31, 2018, the Police Pension Plan had the following investments and maturities in debt securities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 3,637,519	\$ 536,972	\$ 1,513,403	\$ 1,587,144	\$ -
U.S. Agency Obligations	885,319	-	266,170	344,319	274,830
Fixed Income Mutual Funds	297,670	-	297,670	-	-
Corporate Bonds	6,681,709	349,434	2,339,496	3,905,929	86,850
Municipal Bonds	175,768	39,968	84,837	50,963	-
TOTAL	\$ 11,677,985	\$ 926,374	\$ 4,501,576	\$ 5,888,355	\$ 361,680

3. DEPOSITS AND INVESTMENTS (Continued)

C. Police Pension Plan Investments (Continued)

In accordance with its investment policy, the Police Pension Plan limits its exposure to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment, by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

The Police Pension Plan has the following recurring fair value measurements as of December 31, 2018: the U.S. Treasury obligations, fixed income mutual funds and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, corporate bonds and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

The Police Pension Plan limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury securities, U.S. agency securities and corporate bonds. The Police Pension Plan can only buy municipal and corporate bonds if they are in the four highest ratings categories. The U.S. agency obligations are either not rated or rated from AA+ to Aaa. The municipal bonds are either not rated or rated from Aa1 to A. The corporate bonds are rated Baa3 to AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Plan 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 Plan's investment policy requires that all security transactions entered into by the Police Pension Plan shall be conducted on a delivery verses payment (DVP) basis. Securities will be held by a third-party custodian designated by the Police Pension Plan and evidenced by safekeeping receipts. If a third-party custodian is not used, then the broker must provide an excess Securities Investor Protection Corporation policy in the name of the Police Pension Plan.

Concentration of credit risk is the risk that the Police Pension Plan has a high percentage of their investments invested in one type of investment. The Police Pension Plan's investment policy requires diversification of investment to avoid unreasonable risk. No financial institution shall hold more than 40% of the Police Pension Plan's investment portfolio, exclusive of U.S. Treasury securities in safekeeping. Monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution. Commercial paper shall not exceed 10% of the Police Pension Plan's investment portfolio. Deposits in The Illinois Funds shall not exceed 50% of the Police Pension Plan's investment portfolio. Brokered certificates of deposit shall not exceed 25% of the Police Pension Plan's investment portfolio. All investments fall within their acceptable ranges at December 31, 2018. At December 31, 2018, the Police Pension Plan had greater than 5% of its overall portfolio invested in U.S. agency securities and mutual funds which is in accordance with the Police Pension Plan's investment policy.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RECEIVABLES

The following receivables are included in due from other governments on the statement of net position:

GOVERNMENTAL ACTIVITIES

Sales Tax	\$ 732,301
Home Rule Sales Tax	489,389
Motor Fuel Tax	63,482
Local Use Tax	271,924
Simplified Telecommunications Tax	108,556
Court Fines	11,387
Video Gaming Tax	34,541
Amusement Tax	18,593
Due from other Government Grants	<u>6,141</u>

TOTAL GOVERNMENTAL ACTIVITIES \$ 1,736,314

BUSINESS-TYPE ACTIVITIES

Due from Government Grants	<u>\$ 40,854</u>
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5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land and Land Right of Way	\$ 148,157,654	\$ -	\$ -	\$ 148,157,654
Construction in Progress	2,048	23,793	2,048	23,793
Total Capital Assets not Being Depreciated	<u>148,159,702</u>	<u>23,793</u>	<u>2,048</u>	<u>148,181,447</u>
Capital Assets Being Depreciated				
Buildings and Improvements	18,812,301	525,794	151,039	19,187,056
Equipment	1,896,478	238,070	134,438	2,000,110
Office Equipment and Furniture	396,640	23,244	-	419,884
Vehicles	2,577,743	380,587	279,952	2,678,378
Roadways	32,080,761	-	-	32,080,761
Storm Sewers	8,399,605	-	-	8,399,605
Computer Software	350,563	11,200	-	361,763
Total Capital Assets Being Depreciated	<u>64,514,091</u>	<u>1,178,895</u>	<u>565,429</u>	<u>65,127,557</u>

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
(Continued)				
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 7,672,071	\$ 464,348	\$ 146,218	\$ 7,990,201
Equipment	1,251,966	106,176	121,949	1,236,193
Office Equipment and Furniture	293,560	17,598	-	311,158
Vehicles	1,860,695	193,246	279,952	1,773,989
Roadways	16,382,152	1,073,250	-	17,455,402
Storm Sewers	4,130,494	277,102	-	4,407,596
Computer Software	112,113	43,864	-	155,977
Total Accumulated Depreciation	<u>31,703,051</u>	<u>2,175,584</u>	<u>548,119</u>	<u>33,330,516</u>
Total Capital Assets Being Depreciated, Net	<u>32,811,040</u>	<u>(996,689)</u>	<u>17,310</u>	<u>31,797,041</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 180,970,742</u>	<u>\$ (972,896)</u>	<u>\$ 19,358</u>	<u>\$ 179,978,488</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 13,578,019	\$ -	\$ -	\$ 13,578,019
Construction in Progress	2,198,878	134,766	7,129	2,326,515
Total Capital Assets not Being Depreciated	<u>15,776,897</u>	<u>134,766</u>	<u>7,129</u>	<u>15,904,534</u>
Capital Assets Being Depreciated				
Buildings and Improvements	8,327,246	-	-	8,327,246
Wells and Distribution Systems	53,405,652	667,575	-	54,073,227
Equipment	848,929	32,490	-	881,419
Office Equipment and Furniture	1,882	-	-	1,882
Vehicles and Equipment	335,888	46,922	28,660	354,150
Computer Software	150,260	6,300	-	156,560
Total Capital Assets Being Depreciated	<u>63,069,857</u>	<u>753,287</u>	<u>28,660</u>	<u>63,794,484</u>
Less Accumulated Depreciation for				
Buildings and Improvements	2,794,302	387,293	-	3,181,595
Wells and Distribution Systems	19,005,878	1,290,511	-	20,296,389
Equipment	428,622	63,492	-	492,114
Office Equipment and Furniture	2,603	-	-	2,603
Vehicles and Equipment	274,017	13,200	28,660	258,557
Computer Software	28,704	21,422	-	50,126
Total Accumulated Depreciation	<u>22,534,126</u>	<u>1,775,918</u>	<u>28,660</u>	<u>24,281,384</u>
Total Capital Assets Being Depreciated, Net	<u>40,535,731</u>	<u>(1,022,631)</u>	<u>-</u>	<u>39,513,100</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 56,312,628</u>	<u>\$ (887,865)</u>	<u>\$ 7,129</u>	<u>\$ 55,417,634</u>

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General Government	\$ 79,254
Public Safety	141,783
Public Works	1,724,249
Recreation	230,298
	<hr/>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2,175,584</u>

6. LONG-TERM DEBT

The following is a summary in long-term liabilities during the year ended December 31, 2018:

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
Compensated Absences*	\$ 953,418	\$ 270,914	\$ 190,684	\$ 1,033,648	\$ 206,730
Net Pension Liability - IMRF*	2,101,700	-	1,707,443	394,257	-
Net Pension Liability - Police Pension*	9,562,632	2,654,461	-	12,217,093	-
Total OPEB Liability*	719,749	-	17,057	702,692	27,516
	<hr/>				
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,337,499	\$ 2,925,375	\$ 1,915,184	\$ 14,347,690	\$ 234,246

*These liabilities are typically liquidated by the General Fund.

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds - Airport	\$ 320,000	\$ -	\$ 60,000	\$ 260,000	\$ 60,000
Premium on Bonds	6,018	-	1,204	4,814	-
Compensated Absences	110,293	26,726	22,058	114,961	22,992
Net Pension Liability	677,113	-	564,148	112,965	-
Total OPEB Liability	102,469	-	2,428	100,041	3,916
	<hr/>				
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,215,893	\$ 26,726	\$ 649,838	\$ 592,781	\$ 86,908

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

Long-term liabilities payable from business-type activities at December 31, 2018 comprise the following:

	Total	Current Portion
\$1,275,000 2012 General Obligation Refunding Bonds dated December 20, 2012, in annual installments of \$60,000 to \$70,000 to December 15, 2022, interest at 2%. This debt was issued to partially refund the 2003 General Obligation Debt Certificates and the 2006 General Obligation Bonds.	\$ 260,000	\$ 60,000
TOTAL	\$ 260,000	\$ 60,000

The annual debt service requirements to retire these outstanding obligations at December 31, 2018 are as follows:

Fiscal Year	Business-Type Activities	
	2012 General Obligation Refunding Bonds	
	Principal	Interest
2019	\$ 60,000	\$ 5,200
2020	65,000	4,000
2021	65,000	2,700
2022	70,000	1,400
TOTAL	\$ 260,000	\$ 13,300

7. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all plans are governed by ILCS and can only be amended by the Illinois General Assembly. The Police Pension Plan issues a separate report that can be obtained from the Treasurer of the pension plan at 600 Harvest Gate, Lake in the Hills, Illinois 60156. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

Plan Membership

At December 31, 2017 (measurement date), IMRF membership consisted of:

Inactive Employees or Their Beneficiaries	
Currently Receiving Benefits	36
Inactive Employees Entitled to but not yet Receiving Benefits	99
Active Employees	<u>80</u>
 TOTAL	 <u><u>215</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the year ended December 31, 2018 was 9.39% of covered payroll.

Net Pension Liability

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

Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	3.39% to 14.25%
Interest Rate	7.50%
Cost of Living Adjustments	3.00%
Asset Valuation Method	Market Value

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 20,052,410	\$ 17,273,597	\$ 2,778,813
Changes for the Period			
Service Cost	604,315	-	604,315
Interest	1,508,681	-	1,508,681
Difference Between Expected and Actual Experience	(211,790)	-	(211,790)
Changes in Assumptions	(623,698)	-	(623,698)
Employer Contributions	-	590,932	(590,932)
Employee Contributions	-	289,155	(289,155)
Net Investment Income	-	2,845,511	(2,845,511)
Benefit Payments and Refunds	(477,631)	(477,631)	-
Administrative Expense	-	-	-
Other (Net Transfer)	-	(176,499)	176,499
Net Changes	799,877	3,071,468	(2,271,591)
BALANCES AT DECEMBER 31, 2017	\$ 20,852,287	\$ 20,345,065	\$ 507,222

Changes in assumptions related to price inflation, salary increases, retirement age and mortality rates were made in 2017.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended December 31, 2018, the Village recognized pension expense of \$579,879. At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 268,576	\$ 550,553
Changes in Assumption	177,638	525,594
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	692,606
Contributions Subsequent to Measurement Date	515,933	-
TOTAL	\$ 962,147	\$ 1,768,753

\$515,933 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. The remaining amounts reported as deferred outflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ (116,468)
2020	(157,268)
2021	(475,517)
2022	(519,432)
2023	(53,854)
Thereafter	-
TOTAL	\$ (1,322,539)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	\$ 3,618,893	\$ 507,222	\$ (1,999,071)

Police Pension Plan

Plan Administration

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

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

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Plan Membership

At December 31, 2017 (actuarial valuation date), the Police Pension Plan membership consisted of:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	19
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>38</u>
 TOTAL	 <u><u>59</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest.

The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the Village has elected to fund 100% of the past service cost for the Police Pension Plan by 2033. For the year ended December 31, 2018, the Village's contribution was 43.15% of covered payroll.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2018	\$ 38,304,452	\$ 28,741,820	\$ 9,562,632
Changes for the Period			
Service Cost	973,114	-	973,114
Interest	2,551,157	-	2,551,157
Difference Between Expected and Actual Experience	(581,406)	-	(581,406)
Changes in Assumptions	-	-	-
Employer Contributions	-	1,369,010	(1,369,010)
Employee Contributions	-	352,025	(352,025)
Other Contributions	-	-	-
Net Investment Income	-	(1,388,420)	1,388,420
Benefit Payments and Refunds	(1,019,055)	(1,019,055)	-
Administrative Expense	-	(44,211)	44,211
Net Changes	1,923,810	(730,651)	2,654,461
BALANCES AT DECEMBER 31, 2018	\$ 40,228,262	\$ 28,011,169	\$ 12,217,093

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions. The total pension liability was rolled forward by the actuary using updating procedures to December 31, 2018.

Actuarial Valuation Date	December 31, 2017
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	4.00% to 11.02%
Interest Rate	6.75%
Cost of Living Adjustments	3.00% - Tier 1 One-Half of CPI-U - Tier 2
Asset Valuation Method	Market

Mortality rates are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. Active mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 6.75% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 19,357,660	\$ 12,217,093	\$ 6,551,131

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

For the year ended December 31, 2018, the Village recognized police pension expense of \$1,850,900. At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 120,077	\$ 1,033,694
Changes in Assumption	383,197	555,572
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,310,147	-
TOTAL	\$ 2,813,421	\$ 1,589,266

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

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

<u>Year Ending December 31,</u>	
2019	\$ 595,544
2020	269,980
2021	231,090
2022	489,005
2023	(172,306)
Thereafter	<u>(189,158)</u>
 TOTAL	 <u><u>\$ 1,224,155</u></u>

8. INTERFUND ACCOUNTS

Interfund transfers during the year ended December 31, 2018 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General		
Special Service Areas	\$ 20,005	\$ -
Special Service Areas		
General	-	<u>20,005</u>
 TOTAL	 <u><u>\$ 20,005</u></u>	 <u><u>\$ 20,005</u></u>

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ACCOUNTS (Continued)

The purposes of significant interfund transfers are as follows:

- \$20,005 transferred to the General Fund from the Special Service Area #10 Fund to cover current year expenditures. This transfer will not be repaid.

9. CONTINGENT LIABILITIES

Litigation

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.

10. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health, injuries to employees; and net income losses. The Village pays for health insurance for employees through third party indemnity insurance.

The Village participates in the Intergovernmental Risk Management Agency (IRMA) which is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The Village pays annual premiums to IRMA for its workers' compensation, general liability and property coverage.

The Village assumes the first \$2,500 of each occurrence, with IRMA having a mix of self-insurance and commercial insurance at various amounts above that level. The Village appoints one delegate, along with an alternate delegate, to represent the Village on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

The Village, along with IRMA's other members, has a contractual obligation to fund any deficit of IRMA attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits. No such contributions have occurred during the past three years.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

The Village provides postemployment health care benefits to its retirees and certain disabled employees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans or meet COBRA requirements. All health care benefits are provided through the Village's insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Once reaching Medicare age, retirees are covered by a Medicare supplement plan as opposed to the Village's active employee health plan. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay-as-you-go) which results in an implicit subsidy to the Village.

C. Membership

At December 31, 2017 (actuarial valuation date) membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>106</u>
TOTAL	<u>109</u>
Participating Employers	<u>1</u>

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Total OPEB Liability

The Village's total OPEB liability of \$802,733 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2017.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2018, as determined by an actuarial valuation as of December 31, 2017, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2018, including updating the discount rate at December 31, 2018, as noted below.

Actuarial Cost Method	Entry-Age Normal
Actuarial Value of Assets	N/A
Salary Increases	2.75%
Discount Rate	4.10%
Healthcare Cost Trend Rates	6.50%-7.50% Initial 5.00% Ultimate
Retirees Share of Benefit-Related Costs	100% Regular Plan

The actuarial assumptions used in the December 31, 2018 valuation are based on 30% participation assumed and 0% are assumed to elect spousal coverage.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2018	<u>\$ 822,219</u>
Changes for the Period	
Service Cost	35,948
Interest	27,761
Difference Between Expected and Actual Experience	-
Changes in Benefit Terms	-
Changes in Assumptions	(51,763)
Benefit Payments	<u>(31,432)</u>
Net Changes	<u>(19,486)</u>
BALANCES AT DECEMBER 31, 2018	<u>\$ 802,733</u>

The changes in the Net OPEB Liability related to changes in assumptions due to a change in discount rate from beginning of the Village's fiscal year to the end.

G. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 4.10% as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 883,046	\$ 802,733	\$ 731,339

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

G. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 5.00% to 7.50% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (3.00% to 6.50%) or 1 percentage point higher (6.00% to 9.50%) than the current rate:

	1% Decrease (4.00% to 6.50%)	Current Healthcare Rate (5.00% to 7.50%)	1% Increase (6.00% to 8.50%)
Total OPEB Liability	\$ 709,777	\$ 802,733	\$ 916,347

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Village recognized OPEB expense of \$59,087. At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	47,141
TOTAL	\$ -	\$ 47,141

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending December 31,	
2019	\$ (4,622)
2020	(4,622)
2021	(4,622)
2022	(4,622)
2023	(4,622)
Thereafter	(24,031)
TOTAL	\$ (47,141)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. CHANGE IN ACCOUNTING PRINCIPLES

In 2018, the Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the Village is required to retroactively record the total OPEB liability.

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	
Change in Accounting Principal	
To Write-Off the Net OPEB Obligation	\$ 145,934
To Record the Total OPEB Liability	<u>(719,749)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	<u>\$ (573,815)</u>
	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	
Change in Accounting Principal	
To Write-Off the Net OPEB Obligation	\$ 6,956
To Record the Total OPEB Liability	<u>(102,470)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	<u>\$ (95,514)</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 12,080,688	\$ 12,080,688	\$ 12,195,120	\$ 114,432
Licenses and Permits	326,599	326,599	398,604	72,005
Intergovernmental	2,733,676	2,733,676	2,825,128	91,452
Charges for Services	1,782,815	1,782,815	1,747,391	(35,424)
Fines, Fees and Forfeits	355,075	355,075	367,653	12,578
Investment Income	75,000	75,000	298,018	223,018
Miscellaneous	200,950	200,950	288,387	87,437
Total Revenues	17,554,803	17,554,803	18,120,301	565,498
EXPENDITURES				
General Government				
Executive				
Personal Services	59,423	59,423	58,077	(1,346)
Professional Development	31,495	31,495	18,309	(13,186)
Contractual Services	28,770	28,770	27,103	(1,667)
Commodities	880	880	569	(311)
Total Executive	120,568	120,568	104,058	(16,510)
Village Administration				
Personal Services	506,434	506,434	515,095	8,661
Professional Development	17,847	17,847	12,870	(4,977)
Contractual Services	148,040	148,040	107,260	(40,780)
Commodities	5,776	5,776	5,280	(496)
Total Village Administration	678,097	678,097	640,505	(37,592)
Finance				
Personal Services	550,660	551,384	556,565	5,181
Professional Development	7,465	7,465	4,601	(2,864)
Contractual Services	27,166	27,166	24,381	(2,785)
Commodities	2,796	2,796	3,265	469
Total Finance	588,087	588,811	588,812	1
Insurance and Tort				
Contractual Services - Insurance	435,723	435,723	435,022	(701)
Total Insurance and Tort	435,723	435,723	435,022	(701)

(This schedule is continued on the following pages.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
General Government (Continued)				
Community				
Personal Services	652,781	652,781	651,487	(1,294)
Professional Development	16,705	16,705	8,398	(8,307)
Contractual Services	73,056	73,056	47,641	(25,415)
Commodities	9,201	9,201	5,680	(3,521)
Total Community	751,743	751,743	713,206	(38,537)
Management Information Systems				
Personal Services	\$ 109,631	\$ 109,631	\$ 107,006	\$ (2,625)
Professional Development	266,965	266,965	273,267	6,302
Contractual Services	82,775	82,775	57,932	(24,843)
Total Management Information Systems	459,371	459,371	438,205	(21,166)
Total General Government	3,033,589	3,034,313	2,919,808	(114,505)
Public Safety				
Police Administration				
Personal Services	757,074	757,074	754,662	(2,412)
Professional Development	6,534	6,534	7,147	613
Contractual Services	553,960	553,960	534,922	(19,038)
Commodities	26,513	26,513	25,352	(1,161)
Total Police Administration	1,344,081	1,344,081	1,322,083	(21,998)
Patrol				
Personal Services	5,231,732	5,231,732	5,076,903	(154,829)
Professional Development	25,666	25,666	18,154	(7,512)
Contractual Services	20,093	20,093	40,615	20,522
Commodities	169,974	169,974	178,094	8,120
Total Patrol	5,447,465	5,447,465	5,313,766	(133,699)
Support Services				
Personal Services	1,297,972	1,297,972	1,241,469	(56,503)
Professional Development	18,070	18,070	17,440	(630)
Contractual Services	11,029	11,029	9,476	(1,553)
Commodities	29,826	29,826	31,449	1,623
Total Support Services	1,356,897	1,356,897	1,299,834	(57,063)
Total Public Safety	8,148,443	8,148,443	7,935,683	(212,760)

(This schedule is continued on the following pages.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Public Works				
Public Works Administration				
Personal Services	\$ 415,498	\$ 415,498	\$ 300,816	\$ (114,682)
Professional Development	7,213	7,213	5,840	(1,373)
Contractual Services	40,896	40,896	48,065	7,169
Commodities	4,187	4,187	3,208	(979)
Total Public Works Administration	467,794	467,794	357,929	(109,865)
Streets and Roads				
Personal Services	1,529,023	1,529,023	1,483,455	(45,568)
Professional Development	13,534	13,534	11,976	(1,558)
Contractual Services	207,606	207,606	180,146	(27,460)
Commodities	336,679	336,679	345,897	9,218
Total Streets and Roads	2,086,842	2,086,842	2,021,474	(65,368)
Public Properties				
Personal Services	928,815	928,815	946,824	18,009
Professional Development	8,516	8,516	5,825	(2,691)
Contractual Services	267,849	267,849	296,478	28,629
Commodities	103,160	103,160	108,118	4,958
Total Public Properties	1,308,340	1,308,340	1,357,245	48,905
Total Public Works	3,862,976	3,862,976	3,736,648	(126,328)
Parks and Recreation				
Parks and Recreation Administration				
Personal Services	242,638	242,638	142,389	(100,249)
Professional Development	56,350	56,350	56,102	(248)
Contractual Services	1,250	1,250	507	(743)
Commodities	4,010	4,010	1,382	(2,628)
Total Parks and Recreation Administration	304,248	304,248	200,380	(103,868)
Parks				
Personal Services	29,802	29,802	26,735	(3,067)
Contractual Services	269,528	269,528	287,607	18,079
Commodities	57,025	57,025	58,675	1,650
Total Parks	356,355	356,355	373,017	16,662

(This schedule is continued on the following page.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Parks and Recreation (Continued)				
Recreation				
Personal Services	\$ 612,301	\$ 612,301	\$ 478,168	\$ (134,133)
Professional Development	7,035	7,035	6,059	(976)
Contractual Services	381,367	381,367	241,461	(139,906)
Commodities	61,939	61,939	62,124	185
Total Recreation	<u>1,062,642</u>	<u>1,062,642</u>	<u>787,812</u>	<u>(274,830)</u>
Total Parks and Recreation	<u>1,723,245</u>	<u>1,723,245</u>	<u>1,361,209</u>	<u>(362,036)</u>
Total Expenditures	<u>16,768,253</u>	<u>16,768,977</u>	<u>15,953,348</u>	<u>(815,629)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>786,550</u>	<u>785,826</u>	<u>2,166,953</u>	<u>1,381,127</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	20,000	20,005	5
Transfers (Out)	<u>(489,954)</u>	<u>(489,230)</u>	<u>-</u>	<u>489,230</u>
Total Other Financing Sources (Uses)	<u>(469,954)</u>	<u>(469,230)</u>	<u>20,005</u>	<u>489,235</u>
NET CHANGE IN FUND BALANCE	<u>\$ 316,596</u>	<u>\$ 316,596</u>	<u>2,186,958</u>	<u>\$ 1,870,362</u>
FUND BALANCE, JANUARY 1			<u>9,878,620</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 12,065,578</u>	

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Motor Fuel Tax Allotments	\$ 746,210	\$ 746,210	\$ 783,127	\$ 36,917
Investment Income	10,000	10,000	30,520	20,520
Total Revenues	756,210	756,210	813,647	57,437
EXPENDITURES				
Current				
Public Works				
Contractual Services	992,020	992,020	925,391	(66,629)
Total Expenditures	992,020	992,020	925,391	(66,629)
NET CHANGE IN FUND BALANCE	\$ (235,810)	\$ (235,810)	(111,744)	\$ 124,066
FUND BALANCE, JANUARY 1			1,603,067	
FUND BALANCE, DECEMBER 31			\$ 1,491,323	

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The budgets for the governmental funds are adopted on a basis consistent with GAAP (modified accrual basis).
2. The Village each year must file and pass the budget ordinance for the fiscal year ended December 31. This budget can be subsequently amended by the budget officer and/or a vote of the Board of Trustees. The amounts shown in the final budget column reflect several amendments that have been adopted since the original budget was passed.
3. Budgets are adopted and integrated in the accounting system as a control device during the year for the general, special revenue, debt service, capital project and proprietary funds.
4. All budgets lapse at the end of the fiscal year for which the budget is adopted.
5. The budget officer can transfer budget amounts between line items within a department. However, transfers between departments require approval of the Board of Trustees. The legal level of budgetary control is at the department level.

There were no funds that had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Fiscal Year

MEASUREMENT DATE DECEMBER 31,	2018
TOTAL OPEB LIABILITY	
Service Cost	\$ 35,948
Interest	27,761
Differences Between Expected and Actual Experience	-
Changes of Benefit Terms	-
Changes of Assumptions	(51,763)
Benefit Payments	<u>(31,432)</u>
Net Change in Total Pension Liability	(19,486)
Total OPEB Liability - Beginning	<u>822,219</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 802,733</u></u>
Covered Payroll	\$ 5,671,095
Employer's Total OPEB Liability as a Percentage of Covered Payroll	14.15%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 625,872	\$ 609,857	\$ 590,932	\$ 515,933
Contributions in Relation to the Actuarially Determined Contribution	<u>625,872</u>	<u>609,857</u>	<u>590,932</u>	<u>515,933</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,953,927	\$ 5,933,525	\$ 5,748,364	\$ 5,496,132
Contributions as a Percentage of Covered Payroll	10.51%	10.28%	10.28%	9.39%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

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

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 743,251	\$ 910,443	\$ 951,305	\$ 932,539	\$ 913,030	\$ 1,018,934	\$ 1,067,861	\$ 1,250,911	\$ 1,293,479	\$ 1,370,179
Contributions in Relation to the Actuarially Determined Contribution	750,288	911,933	961,269	933,602	914,128	1,020,259	1,066,419	1,248,941	1,292,435	1,369,010
CONTRIBUTION DEFICIENCY (Excess)	\$ (7,037)	\$ (1,490)	\$ (9,964)	\$ (1,063)	\$ (1,098)	\$ (1,325)	\$ 1,442	\$ 1,970	\$ 1,044	\$ 1,169
Covered Payroll	\$ 3,266,661	\$ 3,059,285	\$ 3,080,126	\$ 3,045,224	\$ 3,194,090	\$ 3,507,517	\$ 3,833,606	\$ 3,628,173	\$ 3,746,089	\$ 3,172,999
Contributions as a Percentage of Covered Payroll	22.97%	29.81%	31.21%	30.66%	28.62%	29.09%	27.82%	34.42%	34.50%	43.15%

Notes to Required Supplementary Information

Valuation Date Actuarially determined contribution rates are calculated as of January 1 of the prior fiscal year.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Pay, Closed; 100% through 2033
Remaining Amortization Period	17 Years
Asset Valuation Method	Five-Year Smoothed Market
Return on Investments	6.75%
Inflation	2.50%
Salary Increases	4.00% to 11.02%
Payroll Growth	3.25%
Mortality	RP-14 adjusted for plan status, collar, and Illinois public pension data, as appropriate

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service Cost	\$ 625,988	\$ 624,607	\$ 623,734	\$ 604,315
Interest	1,145,350	1,295,898	1,436,784	1,508,681
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	174,674	427,511	(595,827)	(211,790)
Changes of Assumptions	463,039	29,763	(29,281)	(623,698)
Benefit Payments, Including Refunds of Member Contributions	(363,167)	(438,933)	(507,648)	(477,631)
Net Change in Total Pension Liability	2,045,884	1,938,846	927,762	799,877
Total Pension Liability - Beginning	15,139,918	17,185,802	19,124,648	20,052,410
TOTAL PENSION LIABILITY - ENDING	\$ 17,185,802	\$ 19,124,648	\$ 20,052,410	\$ 20,852,287
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 599,711	\$ 625,872	\$ 609,857	\$ 590,932
Contributions - Member	262,532	270,908	280,301	289,155
Net Investment Income	878,917	79,133	1,095,186	2,845,511
Benefit Payments, Including Refunds of Member Contributions	(363,167)	(438,933)	(507,648)	(477,631)
Administrative Expense	60,813	(353,942)	15,112	(176,499)
Net Change in Plan Fiduciary Net Position	1,438,806	183,038	1,492,808	3,071,468
Plan Fiduciary Net Position - Beginning	14,158,945	15,597,751	15,780,789	17,273,597
PLAN FIDUCIARY NET POSITION - ENDING	\$ 15,597,751	\$ 15,780,789	\$ 17,273,597	\$ 20,345,065
EMPLOYER'S NET PENSION LIABILITY	\$ 1,588,051	\$ 3,343,859	\$ 2,778,813	\$ 507,222
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.76%	82.52%	86.14%	97.57%
Covered Payroll	\$ 5,620,210	\$ 5,953,927	\$ 5,933,525	\$ 5,748,364
Employer's Net Pension Liability as a Percentage of Covered Payroll	28.26%	56.16%	46.83%	8.82%

Notes to Required Supplementary Information

Measurement Date December 31, 2017 - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Measurement Date December 31, 2016 - There was a change in assumption related to the discount rate made since the prior measurement date. The discount rate used in the current actuarial valuation, dated December 31, 2016, is 7.50%. The discount rate used in the prior actuarial valuation, dated December 31, 2015, was 7.49%.

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

Measurement Date December 31, 2014 - There was a change with respect to actuarial assumptions. Certain demographic assumptions were changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

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

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service Cost	\$ 819,172	\$ 927,272	\$ 989,863	\$ 973,114
Interest	2,166,890	2,290,894	2,385,137	2,551,157
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(965,189)	56,947	109,340	(581,406)
Changes of Assumptions	709,326	(862,520)	-	-
Benefit Payments, Including Refunds of Member Contributions	(783,911)	(1,002,314)	(1,030,489)	(1,019,055)
Net Change in Total Pension Liability	1,946,288	1,410,279	2,453,851	1,923,810
Total Pension Liability - Beginning	32,494,034	34,440,322	35,850,601	38,304,452
TOTAL PENSION LIABILITY - ENDING	\$ 34,440,322	\$ 35,850,601	\$ 38,304,452	\$ 40,228,262
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 1,066,419	\$ 1,248,941	\$ 1,292,435	\$ 1,369,010
Contributions - Member	347,585	410,317	379,776	352,025
Contributions - Other	105	-	-	-
Net Investment Income	(83,151)	1,386,255	3,005,889	(1,388,420)
Benefit Payments, Including Refunds of Member Contributions	(783,911)	(1,002,314)	(1,030,489)	(1,019,055)
Administrative Expense	(27,935)	(27,378)	(25,049)	(44,211)
Net Change in Plan Fiduciary Net Position	519,112	2,015,821	3,622,562	(730,651)
Plan Fiduciary Net Position - Beginning	22,584,325	23,103,437	25,119,258	28,741,820
PLAN FIDUCIARY NET POSITION - ENDING	\$ 23,103,437	\$ 25,119,258	\$ 28,741,820	\$ 28,011,169
EMPLOYER'S NET PENSION LIABILITY	\$ 11,336,885	\$ 10,731,343	\$ 9,562,632	\$ 12,217,093
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.1%	70.1%	75.0%	69.6%
Covered Payroll	\$ 3,833,606	\$ 3,628,173	\$ 3,746,089	\$ 3,172,999
Employer's Net Pension Liability as a Percentage of Covered Payroll	295.7%	295.8%	255.3%	385.0%

Note to Required Supplementary Information

Year Ended December 31, 2016 - The mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully-generational basis.

Year Ended December 31, 2015 - There was a change with respect to actuarial assumptions related to the assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds. The rate was changed to 3.57%. Additionally, the discount rate used in the determination of the total pension liability was changed from 7.00% to 6.75%. Certain demographic assumptions were also changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

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

(See independent auditor's report.)

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Special Service Areas Fund - to account for revenues and expenditures restricted to the 14 special service areas within the Village. Maintenance and infrastructure concerns involve items such as detention and retention facilities, wetlands and stormwater drainage. The 14 special service areas are as follows:

<u>SSA#</u>	<u>Development Name</u>
1	Spring Lake Farm North
2	Meadowbrook
3	Big Sky
4A	Hidden Valley/Stoneybrook
4B	Hidden Valley/Stoneybrook
5	Spring Lake Farm South
6	Hampton West
7	Heron Bay
8B	Crystal Creek Commons
8C	Prairie Point
10	Bank of America
14	Life Storage
15	Cheswick Place
24	Harvest Gate Detention

CAPITAL PROJECTS FUNDS

Capital Improvement Plan Fund - to account for the acquisition of capital assets for all General Fund programs.

Lake Projects Fund - to account for lake restoration related capital projects within the Village.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

	<u>Special Revenue Special Service Areas</u>	<u>Capital Projects Capital Improvement Plan</u>	<u>Lake Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 1,284,372	\$ 61,324	\$ 756,802	\$ 2,102,498
Property Tax Receivable	455,280	-	-	455,280
Accounts Receivable	260	144,702	-	144,962
Accrued Interest Receivable	10,760	-	-	10,760
TOTAL ASSETS	\$ 1,750,672	\$ 206,026	\$ 756,802	\$ 2,713,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 4,307	\$ 99,816	\$ 13,339	\$ 117,462
Total Liabilities	4,307	99,816	13,339	117,462
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	455,280	-	-	455,280
Total Deferred Inflows of Resources	455,280	-	-	455,280
Total Liabilities and Deferred Inflows of Resources	459,587	99,816	13,339	572,742
FUND BALANCES				
Restricted				
Special Service Areas	1,291,085	-	-	1,291,085
Assigned				
Capital Projects	-	106,210	-	106,210
Lake Restoration	-	-	743,463	743,463
Total Fund Balances	1,291,085	106,210	743,463	2,140,758
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,750,672	\$ 206,026	\$ 756,802	\$ 2,713,500

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

	<u>Special Revenue</u>	<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Special Service Areas</u>	<u>Capital Improvement Plan</u>	<u>Lake Projects</u>	
REVENUES				
Taxes	\$ 475,007	\$ 1,372,683	\$ -	\$ 1,847,690
Contributions	1,010	-	-	1,010
Investment Income	21,949	-	13,185	35,134
Miscellaneous	20,002	-	-	20,002
Total Revenues	517,968	1,372,683	13,185	1,903,836
EXPENDITURES				
Current				
General Government	328,314	35,043	13,916	377,273
Capital Outlay	289,138	1,320,617	-	1,609,755
Total Expenditures	617,452	1,355,660	13,916	1,987,028
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(99,484)	17,023	(731)	(83,192)
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(20,005)	-	-	(20,005)
Sale of Capital Assets	-	89,187	-	89,187
Total Other Financing Sources (Uses)	(20,005)	89,187	-	69,182
NET CHANGE IN FUND BALANCES	(119,489)	106,210	(731)	(14,010)
FUND BALANCES, JANUARY 1	1,410,574	-	744,194	2,154,768
FUND BALANCES, DECEMBER 31	\$ 1,291,085	\$ 106,210	\$ 743,463	\$ 2,140,758

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL SERVICE AREAS FUND**

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property	\$ 475,280	\$ 475,280	\$ 475,007	\$ (273)
Contributions	-	-	1,010	1,010
Investment Income	8,850	8,850	21,949	13,099
Miscellaneous	-	-	20,002	20,002
Total Revenues	<u>484,130</u>	<u>484,130</u>	<u>517,968</u>	<u>33,838</u>
EXPENDITURES				
General Government				
Personal Services	29,020	38,375	53,213	14,838
Contractual Services	325,647	316,287	271,021	(45,266)
Commodities	6,770	6,770	4,080	(2,690)
Capital Outlay	323,410	323,410	289,138	(34,272)
Total Expenditures	<u>684,847</u>	<u>684,842</u>	<u>617,452</u>	<u>(67,390)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(200,717)	(200,712)	(99,484)	101,228
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(20,000)	(20,005)	(20,005)	-
NET CHANGE IN FUND BALANCE	<u>\$ (220,717)</u>	<u>\$ (220,717)</u>	(119,489)	<u>\$ 101,228</u>
FUND BALANCE, JANUARY 1			<u>1,410,574</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,291,085</u>	

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT PLAN FUND**

For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Taxes				
Utility Tax	\$ 1,200,000	\$ 1,200,000	\$ 1,372,683	\$ 172,683
Total Revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,372,683</u>	<u>172,683</u>
EXPENDITURES				
General Government				
Contractual Services	50,000	50,000	35,043	(14,957)
Capital Outlay	1,659,154	1,659,154	1,320,617	(338,537)
Total Expenditures	<u>1,709,154</u>	<u>1,709,154</u>	<u>1,355,660</u>	<u>(353,494)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(509,154)</u>	<u>(509,154)</u>	<u>17,023</u>	<u>526,177</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	489,954	489,954	-	(489,954)
Sale of Capital Assets	19,200	19,200	89,187	69,987
Total Other Financing Sources (Uses)	<u>509,154</u>	<u>509,154</u>	<u>89,187</u>	<u>(419,967)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>106,210</u>	<u>\$ 106,210</u>
FUND BALANCE, JANUARY 1			<u>-</u>	
FUND BALANCE, DECEMBER 31			<u><u>\$ 106,210</u></u>	

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Investment Income	\$ 7,500	\$ 7,500	\$ 13,185	\$ 5,685
Intergovernmental	42,000	42,000	-	(42,000)
Total Revenues	<u>49,500</u>	<u>49,500</u>	<u>13,185</u>	<u>(36,315)</u>
EXPENDITURES				
General Government				
Contractual Services	<u>70,000</u>	<u>70,000</u>	<u>13,916</u>	<u>(56,084)</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>13,916</u>	<u>(56,084)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (20,500)</u>	<u>\$ (20,500)</u>	<u>(731)</u>	<u>\$ 19,769</u>
FUND BALANCE, JANUARY 1			<u>744,194</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 743,463</u>	

(See independent auditor's report.)

SUPPLEMENTARY FINANCIAL INFORMATION

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property Tax	\$ 5,664,688	\$ 5,664,688	\$ 5,650,845	\$ (13,843)
Sales Tax	2,940,000	2,940,000	2,921,636	(18,364)
Home Rule Sales Tax	1,890,000	1,890,000	1,927,663	37,663
Use Tax	750,000	750,000	858,587	108,587
Simplified Telecommunications Tax	475,000	475,000	454,644	(20,356)
Video Gaming Tax	180,000	180,000	197,177	17,177
Charitable Games/Pull Tab/Utility Tax	1,000	1,000	886	(114)
Amusement Tax	180,000	180,000	183,682	3,682
Total Taxes	12,080,688	12,080,688	12,195,120	114,432
Licenses and Permits				
Business Licenses	6,300	6,300	5,135	(1,165)
Contractor Licenses	33,750	33,750	30,900	(2,850)
Other Licenses	25,917	25,917	29,442	3,525
Liquor and Tobacco Licenses	48,300	48,300	52,815	4,515
Building Permits	203,820	203,820	270,280	66,460
Lake Use Permits and Fees	8,512	8,512	10,032	1,520
Total Licenses and Permits	326,599	326,599	398,604	72,005
Intergovernmental				
Income Tax	2,700,000	2,700,000	2,799,051	99,051
Personal Property Replacement Tax	5,500	5,500	3,999	(1,501)
Grants	28,176	28,176	22,078	(6,098)
Total Intergovernmental	2,733,676	2,733,676	2,825,128	91,452
Charges for Services				
Planning and Zoning Hearing Fees	4,200	4,200	25,053	20,853
Road Impact Fees	245,400	245,400	337,495	92,095
Cable Franchise Fees	475,000	475,000	447,314	(27,686)
Natural Gas Franchise Fees	39,000	39,000	33,149	(5,851)
Police Services	800	800	10,268	9,468
Commercial Activity Fees	27,100	27,100	30,855	3,755
Parks Programs	700,050	700,050	553,638	(146,412)
Facility Rental Fee	70,000	70,000	83,386	13,386
Rental Income	221,265	221,265	226,233	4,968
Total Charges for Services	1,782,815	1,782,815	1,747,391	(35,424)

(This schedule is continued on the following page.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

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

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)				
Fines, Fees and Forfeits				
Court Fines	\$ 180,000	\$ 180,000	\$ 197,583	\$ 17,583
Ordinance Violations	120,000	120,000	119,868	(132)
Redlight Enforcement Fines	-	-	3,079	3,079
Electronic Citation Fines	1,175	1,175	1,071	(104)
Warrant Execution Fees	4,100	4,100	2,655	(1,445)
Vehicle Impoundment Fees	49,800	49,800	43,397	(6,403)
Total Fines, Fees and Forfeits	355,075	355,075	367,653	12,578
Investment Income	75,000	75,000	298,018	223,018
Miscellaneous				
Miscellaneous	14,950	14,950	30,060	15,110
Contributions	10,000	10,000	18,121	8,121
Sunset Fest	160,900	160,900	115,952	(44,948)
Insurance/Restitutions	15,000	15,000	123,535	108,535
Penalties and Interest	100	100	719	619
Total Miscellaneous	200,950	200,950	288,387	87,437
TOTAL REVENUES	\$ 17,554,803	\$ 17,554,803	\$ 18,120,301	\$ 565,498

(See independent auditor's report.)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
 CONSOLIDATED YEAR-END FINANCIAL REPORT

For the Year Ended December 31, 2018

CSFA Number	Program Name	State	Federal	Other	Total
494-00-1488	Motor Fuel Tax Program State and Community Highway	\$ 924,550	\$ -	\$ -	\$ 924,550
494-10-0343	Safety/National Priority Safety Program	18,546	-	-	18,546
494-42-0495	Local Surface Transportation Program Section 319 (h)- Nonpoint Source	841	-	-	841
532-60-0378	Pollution Control Financial Assistance All other costs not allocated	13,339 -	- -	- 24,500,259	13,339 24,500,259
TOTALS		<u>\$ 957,276</u>	<u>\$ -</u>	<u>\$ 24,500,259</u>	<u>\$ 25,457,535</u>

(See independent auditor's report.)

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	73-82
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	83-87
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	88-92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	93-94
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	95-98

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 181,166,626	\$ 179,404,320	\$ 185,778,927	\$ 186,825,953
Restricted for				
Maintenance of Roadways	763,489	1,303,946	1,515,928	1,734,520
Special Service Areas	726,952	800,695	901,274	1,045,614
Special Projects	618,424	552,449	-	-
Other Restrictions	15,188	14,857	20,497	19,133
Unrestricted	7,380,278	8,051,583	10,351,410	11,382,687
TOTAL GOVERNMENTAL ACTIVITIES	\$ 190,670,957	\$ 190,127,850	\$ 198,568,036	\$ 201,007,907
BUSINESS-TYPE ACTIVITIES				
Net Investment in Capital Assets	\$ 52,526,720	\$ 56,433,299	\$ 58,344,423	\$ 58,684,839
Unrestricted	5,405,283	4,789,487	4,116,885	4,224,357
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 57,932,003	\$ 61,222,786	\$ 62,461,308	\$ 62,909,196
PRIMARY GOVERNMENT				
Net Investment in Capital Assets	\$ 233,693,346	\$ 235,837,619	\$ 244,123,350	\$ 245,510,792
Restricted	2,124,053	2,671,947	2,437,699	2,799,267
Unrestricted	12,785,561	12,841,070	14,468,295	15,607,044
TOTAL PRIMARY GOVERNMENT	\$ 248,602,960	\$ 251,350,636	\$ 261,029,344	\$ 263,917,103

*The Village implemented GASB Statement No. 68 for the year ended December 31, 2015.

Data Source

Audited Financial Statements

2013	2014	2015*	2016	2017	2018
\$ 190,880,305	\$ 190,299,799	\$ 182,703,352	\$ 182,548,831	\$ 180,977,897	\$ 179,978,488
1,710,589	1,891,178	1,763,871	1,837,522	1,603,067	1,491,323
1,173,573	1,226,390	1,362,670	1,412,319	1,410,574	1,291,085
-	-	-	-	-	-
26,568	98,565	98,032	90,910	108,344	147,380
10,480,167	10,594,215	(1,665,860)	(2,363,502)	(1,919,310)	(955,766)
\$ 204,271,202	\$ 204,110,147	\$ 184,262,065	\$ 183,526,080	\$ 182,180,572	\$ 181,952,510
\$ 59,134,371	\$ 59,627,543	\$ 54,165,955	\$ 56,382,842	\$ 55,987,721	\$ 55,153,709
4,349,867	4,403,249	3,749,125	3,881,369	4,724,410	5,841,799
\$ 63,484,238	\$ 64,030,792	\$ 57,915,080	\$ 60,264,211	\$ 60,712,131	\$ 60,995,508
\$ 250,014,676	\$ 249,927,342	\$ 236,869,307	\$ 238,931,673	\$ 236,965,618	\$ 235,132,197
2,910,730	3,216,133	3,224,573	3,340,751	3,121,985	2,929,788
14,830,034	14,997,464	2,083,265	1,517,867	2,805,100	4,886,033
\$ 267,755,440	\$ 268,140,939	\$ 242,177,145	\$ 243,790,291	\$ 242,892,703	\$ 242,948,018

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
EXPENSES				
Governmental Activities				
General Government	\$ 2,842,383	\$ 2,756,874	\$ 3,001,000	\$ 2,846,340
Public Safety	6,811,556	6,952,776	7,024,528	7,241,194
Public Works	6,052,535	5,576,347	5,272,820	5,420,142
Recreation	2,221,218	2,004,982	1,895,953	2,011,052
Interest and Fiscal Charges	227,828	278,062	251,610	213,951
Total Governmental Activities Expenses	18,155,520	17,569,041	17,445,911	17,732,679
Business-Type Activities				
Water	4,599,593	4,211,333	4,480,756	4,214,749
Airport	551,217	517,303	426,894	511,305
Total Business-Type Activities Expenses	5,150,810	4,728,636	4,907,650	4,726,054
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 23,306,330	\$ 22,297,677	\$ 22,353,561	\$ 22,458,733
PROGRAM REVENUES				
Governmental Activities				
Charges for Services				
General Government	\$ 898,932	\$ 861,786	\$ 1,436,931	\$ 920,836
Public Safety	901,944	798,129	925,385	1,011,831
Recreation	736,864	727,706	791,893	792,538
Operating Grants and Contributions	839,927	945,687	1,040,253	927,061
Capital Grants and Contributions	2,772,608	444,341	7,829,360	2,414,232
Total Governmental Activities Program Revenues	6,150,275	3,777,649	12,023,822	6,066,498
Business-Type Activities				
Charges for Services				
Water	3,474,810	3,558,943	3,958,174	4,066,215
Airport	377,810	363,213	351,412	365,898
Capital Grants and Contributions	5,771,709	3,569,378	1,787,805	726,691
Total Business-Type Activities Program Revenues	9,624,329	7,491,534	6,097,391	5,158,804
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 15,774,604	\$ 11,269,183	\$ 18,121,213	\$ 11,225,302
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (12,005,245)	\$ (13,791,392)	\$ (5,422,089)	\$ (11,666,181)
Business-Type Activities	4,473,519	2,762,898	1,189,741	432,750
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (7,531,726)	\$ (11,028,494)	\$ (4,232,348)	\$ (11,233,431)

	2013	2014	2015	2016	2017	2018
\$	2,916,173	\$ 3,164,822	\$ 3,206,741	\$ 3,470,801	\$ 3,910,029	\$ 3,615,672
	7,215,337	7,734,387	8,112,242	8,155,273	7,810,395	8,877,522
	6,000,330	5,935,828	6,148,140	6,316,629	6,909,990	6,462,566
	2,109,937	2,204,367	2,036,187	2,020,268	1,630,270	1,536,271
	184,812	102,320	82,009	60,047	27,819	-
	18,426,589	19,141,724	19,585,319	20,023,018	20,288,503	20,492,031
	4,535,991	4,133,675	4,028,662	3,782,467	4,108,906	3,829,950
	565,908	1,106,268	992,321	1,046,942	1,064,947	1,135,554
	5,101,899	5,239,943	5,020,983	4,829,409	5,173,853	4,965,504
\$	23,528,488	\$ 24,381,667	\$ 24,606,302	\$ 24,852,427	\$ 25,462,356	\$ 25,457,535
\$	1,058,446	\$ 1,428,689	\$ 1,065,735	\$ 1,109,517	\$ 1,264,642	\$ 1,488,670
	859,968	868,174	819,907	670,837	420,859	377,920
	818,100	896,943	929,274	961,771	893,510	763,008
	922,687	1,044,453	761,270	814,318	913,585	805,205
	3,904,728	752,635	-	-	-	-
	7,563,929	4,990,894	3,576,186	3,556,443	3,492,596	3,434,803
	4,108,973	4,236,612	4,099,079	4,296,307	4,364,784	4,377,001
	387,085	582,746	725,460	769,586	801,009	887,571
	1,160,016	939,150	21,672	1,625,824	453,019	-
	5,656,074	5,758,508	4,846,211	6,691,717	5,618,812	5,264,572
\$	13,220,003	\$ 10,749,402	\$ 8,422,397	\$ 10,248,160	\$ 9,111,408	\$ 8,699,375
\$	(10,862,660)	\$ (14,150,830)	\$ (16,009,133)	\$ (16,466,575)	\$ (16,795,907)	\$ (17,057,228)
	554,175	518,565	(174,772)	1,862,308	444,959	299,068
\$	(10,308,485)	\$ (13,632,265)	\$ (16,183,905)	\$ (14,604,267)	\$ (16,350,948)	\$ (16,758,160)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
GENERAL REVENUES AND OTHER CHANGES IN NET ACTIVITIES				
Governmental Activities				
Taxes				
Property	\$ 6,163,859	\$ 6,271,536	\$ 6,297,822	\$ 6,261,402
Sales	1,957,450	2,115,982	2,315,114	2,398,850
Home Rule	690,826	940,832	1,225,340	1,262,631
Use	353,759	394,911	424,051	455,888
Simplified Telecommunications	1,003,655	963,719	923,246	903,227
Utility	-	-	-	-
Income	2,372,940	2,297,709	2,282,179	2,545,079
Other	9,390	9,048	8,371	8,865
Investment Income	129,791	84,888	93,178	94,971
Miscellaneous	214,925	117,371	292,974	249,864
Total Governmental Activities	12,896,595	13,195,996	13,862,275	14,180,777
Business-Type Activities				
Investment Income	157,325	90,554	36,943	26,629
Miscellaneous	116,771	429,976	11,838	19,448
Gain (Loss) on Sale of Capital Assets	-	-	-	-
Total Business-Type Activities	274,096	520,530	48,781	46,077
TOTAL PRIMARY GOVERNMENT	\$ 13,170,691	\$ 13,716,526	\$ 13,911,056	\$ 14,226,854
CHANGES IN NET POSITION				
Governmental Activities	\$ 891,350	\$ (595,396)	\$ 8,440,186	\$ 2,514,596
Business-Type Activities	4,747,615	3,283,428	1,238,522	478,827
TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION	\$ 5,638,965	\$ 2,688,032	\$ 9,678,708	\$ 2,993,423

Data Source

Audited Financial Statements

	2013	2014	2015	2016	2017	2018
\$	6,169,924	\$ 6,145,378	\$ 6,140,013	\$ 6,124,535	\$ 6,134,871	\$ 6,125,852
	2,434,315	2,527,527	2,589,229	2,648,940	2,871,786	2,921,636
	1,262,587	1,305,137	1,301,079	1,529,995	1,853,019	1,927,663
	498,975	565,875	644,237	684,747	774,313	858,587
	799,915	667,704	653,187	576,941	504,066	454,644
	-	-	-	-	-	1,372,683
	2,759,796	2,773,220	3,081,968	2,819,570	2,675,681	2,799,051
	25,850	36,319	114,690	154,114	361,606	385,743
	59,790	(179,964)	48,875	72,650	113,607	363,672
	114,803	148,579	65,870	123,494	161,450	193,450
	14,125,955	13,989,775	14,639,148	14,734,986	15,450,399	17,402,981
	16,514	16,814	13,442	23,780	29,793	73,773
	4,353	11,175	9,475	198,829	7,656	6,050
	-	-	-	5,820	(34,488)	-
	20,867	27,989	22,917	228,429	2,961	79,823
\$	14,146,822	\$ 14,017,764	\$ 14,662,065	\$ 14,963,415	\$ 15,453,360	\$ 17,482,804
\$	3,263,295	\$ (161,055)	\$ (1,369,985)	\$ (1,731,589)	\$ (1,345,508)	\$ 345,753
	575,042	546,554	(151,855)	2,090,737	447,920	378,891
\$	3,838,337	\$ 385,499	\$ (1,521,840)	\$ 359,148	\$ (897,588)	\$ 724,644

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
GENERAL FUND				
Reserved for				
Inventory	\$ 26,905	\$ 38,743	\$ -	\$ -
Prepaid Items	348,003	2,873	-	-
Land Held for Resale	37,677	-	-	-
Public Safety	15,188	14,857	-	-
Specific Tax Levies	-	-	-	-
Unreserved	6,500,377	7,460,890	-	-
Nonspendable				
Inventory	-	-	43,824	49,638
Prepaid Items	-	-	75,831	154,345
Restricted				
Public Safety	-	-	20,497	19,133
Veterans Memorial	-	-	-	-
Committed				
Maintenance of Roadways	-	-	-	-
Assigned				
Subsequent Year's Budget	-	-	-	-
Unassigned	-	-	9,142,834	10,130,121
TOTAL GENERAL GOVERNMENT	\$ 6,928,150	\$ 7,517,363	\$ 9,282,986	\$ 10,353,237
ALL OTHER GOVERNMENTAL FUNDS				
Reserved for				
Special Revenue Funds				
Maintenance of Roadways	\$ 763,489	\$ 1,303,946	\$ -	\$ -
Special Service Areas	726,952	800,695	-	-
Capital Project Funds	618,424	552,449	-	-
Restricted				
Maintenance of Roadways	-	-	1,515,928	1,734,520
Special Service Areas	-	-	901,274	1,045,614
Assigned				
Capital Projects	-	-	-	-
Lake Restoration	-	-	696,331	708,819
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 2,108,865	\$ 2,657,090	\$ 3,113,533	\$ 3,488,953

Note: The Village implemented GASB Statement No. 54 as of December 31, 2011. Information for prior years is not available.

Data Source

Audited Financial Statements

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
57,893	73,684	77,649	87,539	90,113	83,601
231,913	352,844	224,956	303,737	134,755	249,508
26,568	33,004	72,658	73,316	93,152	134,255
-	65,561	25,374	17,594	15,192	13,125
-	-	-	-	-	1,500,000
-	-	260,354	903,368	-	-
9,087,964	9,106,526	9,377,612	8,461,085	9,545,408	10,085,089
<u>\$ 9,404,338</u>	<u>\$ 9,631,619</u>	<u>\$ 10,038,603</u>	<u>\$ 9,846,639</u>	<u>\$ 9,878,620</u>	<u>\$ 12,065,578</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,710,589	1,891,178	1,763,871	1,837,522	1,603,067	1,491,323
1,173,573	1,226,390	1,362,670	1,412,319	1,410,574	1,291,085
-	-	-	-	-	106,210
708,211	709,672	718,140	726,675	744,194	743,463
-	-	(429)	-	-	-
<u>\$ 3,592,373</u>	<u>\$ 3,827,240</u>	<u>\$ 3,844,252</u>	<u>\$ 3,976,516</u>	<u>\$ 3,757,835</u>	<u>\$ 3,632,081</u>

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2009	2010	2011	2012
REVENUES				
Taxes	\$ 12,551,879	\$ 12,993,737	\$ 13,476,123	\$ 13,835,942
Licenses and Permits	227,055	196,101	295,746	168,060
Intergovernmental	1,416,668	1,009,403	1,035,132	1,053,103
Charges for Services	1,079,846	1,095,631	1,743,986	1,660,154
Fines, Fees and Forfeits	755,175	618,152	631,147	712,271
Donations	25,000	2,500	6,215	1,810
Investment Income	129,791	84,888	93,178	94,971
Miscellaneous	690,588	595,107	776,304	434,584
Total Revenues	16,876,002	16,595,519	18,057,831	17,960,895
EXPENDITURES				
General Government	2,884,747	2,780,849	2,892,001	2,836,440
Public Safety	6,578,538	6,863,044	6,869,887	7,176,443
Public Works	3,439,693	2,867,913	3,039,716	3,192,445
Recreation	2,241,278	1,658,903	1,546,072	1,728,484
Capital Outlay	1,634,799	359,262	522,018	626,285
Debt Service				
Principal	710,000	715,000	740,000	770,000
Interest	288,097	265,895	237,520	212,208
Total Expenditures	17,777,152	15,510,866	15,847,214	16,542,305
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(901,150)	1,084,653	2,210,617	1,418,590
OTHER FINANCING SOURCES (USES)				
Bonds Issued, at Par	3,795,000	-	-	-
Premium on Bonds Issued	193,819	-	-	-
Payment to Escrow Agent	(3,920,237)	-	-	-
Sale of Capital Assets	131,098	52,785	11,449	27,081
Transfers In	1,020,720	1,009,493	1,053,964	1,010,697
Transfers (Out)	(1,020,720)	(1,009,493)	(1,053,964)	(1,010,697)
Total Other Financing Sources (Uses)	199,680	52,785	11,449	27,081
NET CHANGE IN FUND BALANCES	\$ (701,470)	\$ 1,137,438	\$ 2,222,066	\$ 1,445,671
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	6.06%	6.35%	6.30%	6.30%

Data Source

Audited Financial Statements

	2013	2014	2015	2016	2017	2018
\$	11,184,734	\$ 11,241,651	\$ 11,434,902	\$ 11,714,267	\$ 12,493,651	\$ 14,042,810
	271,729	369,805	256,269	280,094	368,371	398,604
	3,785,000	3,900,761	3,850,770	3,638,894	3,595,276	3,608,255
	1,751,849	2,091,826	1,882,622	1,815,358	1,699,988	1,747,391
	559,811	561,990	497,924	461,476	353,762	367,653
	2,500	2,500	4,810	4,580	41	1,010
	59,790	(179,964)	48,875	72,650	113,607	363,672
	267,929	318,764	239,162	304,110	318,299	308,389
	17,883,342	18,307,333	18,215,334	18,291,429	18,942,995	20,837,784
	3,020,558	3,123,204	3,378,531	3,327,033	3,599,983	3,297,081
	7,144,603	7,603,204	7,558,232	7,838,943	7,909,995	7,935,683
	3,501,702	3,652,589	3,551,762	4,213,400	4,881,972	4,662,039
	1,770,917	1,854,634	1,754,322	1,691,213	1,483,491	1,361,209
	829,344	858,046	822,311	572,041	578,254	1,609,755
	2,315,000	690,000	655,000	650,000	650,000	-
	185,500	100,488	79,788	58,499	26,000	-
	18,767,624	17,882,165	17,799,946	18,351,129	19,129,695	18,865,767
	(884,282)	425,168	415,388	(59,700)	(186,700)	1,972,017
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	38,803	36,980	8,608	-	-	89,187
	2,529,218	819,218	763,090	2,019,912	1,246,755	20,005
	(2,529,218)	(819,218)	(763,090)	(2,019,912)	(1,246,755)	(20,005)
	38,803	36,980	8,608	-	-	89,187
\$	(845,479)	\$ 462,148	\$ 423,996	\$ (59,700)	\$ (186,700)	\$ 2,061,204
	13.75%	4.63%	4.16%	4.01%	3.67%	0.00%

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Farm Property	Residential Property	Commercial Property	Industrial Property	Mineral Property	Rail Local	Rail State	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2009	\$ 263,615	\$ 745,969,643	\$ 65,944,709	\$ 21,830,205	\$ 3,898,357	\$ -	\$ -	\$ 837,906,529	\$ 0.6717	\$ 2,513,719,587	33.333%
2010	272,367	648,470,539	63,667,812	21,074,142	3,898,357	-	-	737,383,217	0.7632	2,212,149,651	33.333%
2011	284,241	628,557,057	54,110,363	20,265,604	3,901,552	-	-	707,118,817	0.7863	2,121,356,451	33.333%
2012	334,562	552,175,200	47,272,094	18,211,723	3,894,070	-	-	621,887,649	0.8832	1,865,662,947	33.333%
2013	326,929	517,637,826	41,492,688	16,546,082	3,594,510	-	-	579,598,035	0.9461	1,738,794,105	33.333%
2014	337,729	500,232,836	39,842,919	15,762,642	3,592,332	-	-	559,768,458	0.9794	1,679,305,374	33.333%
2015	339,858	512,782,359	41,717,939	16,208,605	3,594,790	-	-	574,643,551	0.9541	1,723,930,653	33.333%
2016	359,329	547,463,788	43,998,527	17,146,121	3,598,226	-	-	612,565,991	0.8949	1,837,697,973	33.333%
2017	284,104	580,496,043	45,614,071	17,896,239	3,624,406	-	-	647,914,863	0.8461	1,943,744,589	33.333%
2018	274,112	617,749,425	47,850,516	19,067,848	3,628,035	-	-	688,569,936	0.7961	2,065,709,808	33.333%

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2009	2010	2011	2012
VILLAGE DIRECT RATES				
Corporate	0.3480	0.3566	0.3549	0.3971
Audit	0.0011	0.0013	0.0014	0.0017
School Crossing Guard	0.0011	0.0000	0.0000	0.0000
Unemployment	0.0001	0.0000	0.0000	0.0000
Emergency Disaster	0.0004	0.0000	0.0000	0.0000
Retirement	0.0430	0.0636	0.0676	0.0750
Police Protection	0.0758	0.0836	0.0832	0.0931
Police Pension	0.1089	0.1305	0.1321	0.1471
Tort Insurance	0.0156	0.0229	0.0258	0.0292
Social Security	0.0610	0.0808	0.0844	0.0980
Workers' Compensation	0.0167	0.0238	0.0370	0.0420
Street and Bridge	0.0000	0.0000	0.0000	0.0000
Total Direct Rate	0.6717	0.7632	0.7863	0.8832
OVERLAPPING RATES				
McHenry County	0.7157	0.7927	0.8879	0.9958
McHenry County Conservation	0.1775	0.1956	0.2191	0.2481
Algonquin Township	0.0532	0.0577	0.0659	0.0742
Algonquin Township Road and Bridge	0.1171	0.1270	0.1450	0.1627
Grafton Township	0.0591	0.0720	0.0717	0.0831
Grafton Township Road and Bridge	0.0417	0.0508	0.0506	0.0586
Algonquin - Lake in the Hills				
Fire Protection District	0.5855	0.6378	0.7212	0.8267
Cary Fire District	0.3789	0.4101	0.4712	0.5446
Crystal Lake Rural Fire Protection	0.3706	0.4018	0.4032	0.4035
Huntley Fire Protection	0.6111	0.7182	0.7213	0.8353
Cary Park District	0.5352	0.5752	0.6591	0.7580
Crystal Lake Park District	0.3519	0.3758	0.4135	0.4605
Huntley Park District	0.2922	0.3651	0.3747	0.4314
Algonquin Public Library District	0.3694	0.4086	0.4582	0.5243
Cary Area Public Library District	0.1708	0.1849	0.2118	0.2440
Huntley Library District	0.2026	0.2352	0.2086	0.2442
Lake in the Hills Sanitary District	0.0567	0.0663	0.0702	0.0832
LITH Special Service Area #1	0.0090	0.0168	0.0200	0.0088
LITH Special Service Area #2	0.0599	0.0739	0.0749	0.0879
LITH Special Service Area #3	0.1545	0.1659	0.1926	0.2222
LITH Special Service Area #4A	0.1157	0.1249	0.1451	0.1627
LITH Special Service Area #4B	0.1041	0.1424	0.1910	0.2105
LITH Special Service Area #5	0.1596	0.2251	0.2173	0.2398
LITH Special Service Area #6	0.1241	0.1852	0.1784	0.1164
LITH Special Service Area #7	0.0240	0.0283	0.0350	0.0167
LITH Special Service Area #8B	0.0022	0.0024	0.0027	0.0115
LITH Special Service Area #8C	0.0048	0.0005	0.0006	0.0024
LITH Special Service Area #10	3.9158	3.7841	4.0786	4.4561
LITH Special Service Area #14	2.3838	2.3036	2.5033	2.7349
LITH Special Service Area #15	0.1029	0.1111	0.1684	0.1773
Unit School District Number 26	2.6982	2.9158	3.3759	3.9289
Unit School District Number 47	2.7285	3.1075	3.4334	3.9477
Unit School District Number 155	1.9054	2.0347	2.2979	2.6450
Unit School District Number 158	4.1233	4.8118	4.8291	5.4781
Unit School District Number 300	3.9548	4.4103	4.8406	5.6052
Community College District Number 509	0.3844	0.3782	0.4799	0.5329
Community College District Number 528	0.2740	0.3039	0.3395	0.3921
Total Overlapping Rate	28.3182	30.8010	33.5574	37.9553

Data Source

Office of the County Clerk

2013	2014	2015	2016	2017	2018
0.4010	0.3858	0.3344	0.3069	0.2830	0.2809
0.0017	0.0019	0.0022	0.0023	0.0026	0.0019
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0853	0.0950	0.0910	0.0809	0.0740	0.0620
0.0941	0.1023	0.1061	0.1023	0.0943	0.0936
0.1761	0.1908	0.2177	0.2112	0.2115	0.1993
0.0323	0.0348	0.0347	0.0310	0.0298	0.0248
0.1074	0.1186	0.1179	0.1158	0.1073	0.0989
0.0482	0.0502	0.0501	0.0446	0.0434	0.0348
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.9461	0.9794	0.9541	0.8950	0.8459	0.7961
1.0960	1.1412	1.0781	1.0539	0.9019	0.8317
0.2748	0.2840	0.2766	0.2588	0.2449	0.2380
0.0821	0.0851	0.0828	0.0712	0.0638	0.0603
0.1827	0.1913	0.1862	0.1705	0.1527	0.1417
0.0887	0.0918	0.0888	0.0746	0.0638	0.0546
0.0626	0.0647	0.0639	0.0608	0.0575	0.0507
0.9364	0.9987	0.9915	1.0436	1.0133	0.9848
0.6153	0.6547	0.6220	0.6065	0.5841	0.5665
0.4585	0.4938	0.4924	0.4764	0.4679	0.6407
0.8864	0.8756	0.8559	0.8049	0.7567	0.7290
0.8360	0.9027	0.8818	0.8359	0.8049	0.7797
0.5193	0.5582	0.5535	0.5310	0.5178	0.5003
0.4208	0.3991	0.3737	0.2700	0.2043	0.1970
0.5868	0.6245	0.6218	0.5957	0.5761	0.4803
0.2761	0.2936	0.2876	0.2731	0.2637	0.2557
0.2627	0.2679	0.2627	0.2559	0.2439	0.2349
0.0908	0.1312	0.0939	0.0891	0.0861	0.0829
0.0092	0.0101	0.0096	0.0090	0.0083	0.0078
0.0965	0.1005	0.0997	0.9178	0.0872	0.0821
0.1954	0.2047	0.1951	0.3739	0.1750	0.1646
0.1791	0.1878	0.1743	0.1711	0.1598	0.1499
0.2160	0.2261	0.2228	0.2039	0.1883	0.1758
0.2520	0.2791	0.2482	0.2392	0.2269	0.2133
0.1207	0.1186	0.1178	0.1104	0.1050	0.0986
0.0173	0.0176	0.0179	0.0161	0.0151	0.0144
0.0221	0.0428	0.0424	0.0397	0.0371	0.0355
0.0042	0.0075	0.0075	0.0068	0.0062	0.0058
4.8655	5.0799	4.8394	5.3062	4.9768	0.0000
2.9862	3.1178	0.0000	0.0000	0.0000	0.0000
0.1812	0.1621	0.1805	0.1676	0.1606	0.1537
4.4433	4.7482	4.6246	4.2998	4.0553	3.8647
4.4072	4.6522	4.5591	4.3736	4.2607	3.9469
2.9613	3.0948	3.0255	2.8287	2.7019	2.6130
5.8963	5.9712	5.9472	5.7231	5.5002	5.3084
6.3519	6.7147	6.5321	6.1309	5.8706	5.6857
0.5101	0.6738	0.5657	0.5342	0.5130	0.5207
0.4306	0.4453	0.4348	0.4066	0.3847	0.3655
41.8221	43.9129	39.6574	39.3305	36.4361	30.2351

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Costco Wholesale Corp	\$ 3,060,620	1	0.44%	\$ 4,601,066	2	0.55%
Randall Algonquin Plaza LLC	2,492,789.00	2	0.36%			
Lowe's Home Centers Inc	2,200,666.00	3	0.32%	4,010,760	3	0.48%
AMH 2014 2 Borrower LLC	2,071,371.00	4	0.30%			
Realty Income IL Prop 3 LLC / Kerasotes Theaters	1,931,811.00	5	0.28%	2,625,000	7	0.31%
Amerco Real Estate Co.	1,714,520.00	6	0.25%			
1st Midwest Bank Trust 12871	1,411,075.00	7	0.20%			
ARSC Real Est Holdings LLC	1,339,293.00	8	0.19%			
Prairie Stone Shops LLC	1,325,080.00	9	0.19%	2,322,068	9	0.28%
Urbco LLC	1,258,851.00	10	0.18%			
Boulder Ridge Country Club				2,810,934	5	0.34%
LITH Shopping Center LLC				4,798,720	1	0.57%
Barr Harris Bank NA Trust 11 3439				2,538,342	8	0.30%
Lake in the Hills Venture LP				2,000,000	10	0.24%
Hanson / Material Service Corp				3,302,649	5	0.39%
National Shopping Plazas Inc				3,531,368	4	0.42%
TOTAL	\$ 18,806,076		2.71%	\$ 32,540,907		3.88%

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 6,276,614	\$ 6,271,536	99.92%	N/A	\$ 6,271,536	99.92%
2010	6,304,526	6,297,822	99.89%	N/A	6,297,822	99.89%
2011	6,265,005	6,261,402	99.94%	N/A	6,261,402	99.94%
2012	6,173,522	6,169,924	99.94%	N/A	6,169,924	99.94%
2013	6,149,493	6,145,378	99.93%	N/A	6,145,378	99.93%
2014	6,146,900	6,140,013	99.89%	\$ (2,703)	6,137,310	99.84%
2015	6,134,420	6,124,535	99.84%	N/A	6,124,535	99.84%
2016	6,139,150	6,134,871	99.93%	N/A	6,134,871	99.93%
2017	6,139,968	6,125,852	99.77%	N/A	6,125,852	99.77%
2018	6,127,367	-	0.00%	N/A	-	0.00%

Note: Property in the Village is reassessed each year. Property is assessed at 33 1/3% of actual value. Collections in subsequent years are immaterial.

N/A - Information not available

Data Source

Office of the County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income* Per Capita*	
	General Obligation Bonds	Installment Notes Payable	Special Assessment Payable	General Obligation Bonds	Installment Notes Payable	Capital Leases			
2009	\$ 7,185,000	\$ -	\$ -	\$ 2,495,000	\$ -	\$ -	\$ 9,680,000	1.24%	\$ 326
2010	6,470,000	-	-	2,185,000	-	-	8,655,000	0.97%	299
2011	5,730,000	-	-	1,865,000	-	-	7,595,000	0.85%	262
2012	4,960,000	-	-	1,575,000	-	-	6,535,000	0.72%	225
2013	2,645,000	-	-	1,210,000	-	-	3,855,000	0.41%	133
2014	1,955,000	-	-	825,000	-	-	2,780,000	0.29%	96
2015	1,348,455	-	-	448,426	-	-	1,796,881	0.19%	62
2016	674,230	-	-	387,221	-	-	1,061,451	0.11%	37
2017	-	-	-	326,018	-	-	326,018	0.03%	11
2018	-	-	-	273,300	-	-	273,300	0.03%	9

*See the schedule of Demographic and Economic Information on page 94 for personal income and population data.

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

Data Source

Village Records

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	\$ 7,185,000	\$ -	\$ 7,185,000	0.29%	\$ 241.92
2010	6,470,000	-	6,470,000	0.29%	223.37
2011	5,730,000	-	5,730,000	0.27%	197.59
2012	4,960,000	-	4,960,000	0.27%	171.03
2013	2,645,000	-	2,645,000	0.15%	91.21
2014	1,955,000	-	1,955,000	0.12%	67.41
2015	1,796,881	-	1,796,881	0.10%	61.96
2016	1,061,451	-	1,061,451	0.06%	36.60
2017	326,018	-	326,018	0.02%	11.15
2018	273,300	-	273,300	0.01%	9.35

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

Data Source

Village and County Records

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2018

Governmental Unit	Gross Debt	(1) Percentage Debt Applicable to the Village	The Village's Share of Debt
McHenry County Conservation District	\$ 116,174,000	8.20%	\$ 9,526,268
Cary Park District	6,088,837	0.01%	609
Crystal Lake Park District	6,294,143	1.20%	75,530
Huntley Park District	7,876,134	33.42%	2,632,204
Algonquin Area Public Library District	1,717,538	36.87%	633,256
LITH Sanitary District	6,280,978	86.48%	5,431,790
Schools			
Elementary			
District No. 47	21,836,745	8.65%	1,888,878
District No. 155	16,410,000	5.71%	937,011
District No. 158	198,481,407	27.22%	54,026,639
District No. 300	410,424,189	25.49%	104,617,126
Community College District No. 509	271,537,052	25.18%	68,373,030
Subtotal, Overlapping Debt	<u>\$ 1,063,121,023</u>		<u>\$ 248,142,341</u>
Village of Lake in the Hills, Direct Debt	<u>273,000</u>	100.00%	<u>273,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 1,063,394,023</u></u>		<u><u>\$ 248,415,341</u></u>

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit.

Data Source

Village and County Records

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2018

Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	1999 Alternate Revenue Bonds			
	Income Tax Revenue	Debt Service		Coverage
		Principal	Interest	
2009	\$ 2,372,940	\$ 485,000	\$ 23,038	\$ 4.67
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A

N/A - information not available

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

The alternate revenue bonds were paid off as of December 31, 2009.

Data Source

Village Records

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2009	29,700 E	\$ 779,298,300	\$ 26,239	9.00%
2010	28,965 A	894,873,675	30,895	9.30%
2011	29,000 E	895,955,000	30,895	8.90%
2012	29,000 E	909,614,000	31,366	8.20%
2013	29,000 E	944,240,000	32,560	7.60%
2014	29,000 E	948,474,000	32,706	6.10%
2015	29,000 E	960,886,000	33,134	5.10%
2016	29,000 E	955,753,000	32,957	5.10%
2017	29,228 A	967,534,484	33,103	4.40%
2018	29,228 E	987,234,156	33,777	3.5%

A - Actual

E - Estimated

Data Sources

- (1) U.S. Census Bureau and Village Records
- (2) U.S. Census Bureau
- (3) Illinois Department of Employment Security

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percent of Total Village Population	Employees	Rank	Percent of Total Village Population
School District 158	440	1	1.51%	417	1	1.40%
Costco Wholesale	227	2	0.78%	150	2	0.51%
Advanced Flexible Composites	150	3	0.51%			
Boulder Ridge Country Club	120	4	0.41%	125	4	0.42%
Lowe's Home Center	111	5	0.38%	105	6	0.35%
School District 300	100	6	0.34%	93	7	0.31%
Village of Lake in the Hills	90	7	0.31%	139	3	0.47%
Moretti's Ristorante & Pizza	86	8	0.29%	75	8	0.25%
Alg-LITH Fire Protection District	85	9	0.29%			
JA Frate Inc	72	10	0.25%			
Dominick's Finer Foods				123	5	0.41%
Applebee's Restaurant				65	9	0.22%
Evergreen Landscape				60	10	0.20%
Northwest Home Health & Rehab				60	10	0.20%
TOTAL	1,481		5.07%	1,412		4.75%

Notes: Fiscal Year ending December 31, 2006 was the earliest available information.

The number of employees for the school districts was not obtained back in 2006.

Data Source

Village Records (Laura Pekovic)

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL GOVERNMENT										
Executive	0.58	0.58	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.70	4.80	4.6
Management Information Systems	-	-	-	-	-	-	-	1.00	1.00	1.0
Community Development	-	-	-	-	-	-	-	7.90	6.10	4.6
Planning	2.50	2.50	2.50	2.50	2.50	2.50	2.50	-	0.00	-
Building and Zoning	4.50	4.00	3.60	3.60	3.60	3.60	4.00	-	0.00	-
Finance	8.50	8.50	8.35	8.36	8.30	8.90	9.00	8.00	7.00	8.2
PUBLIC SAFETY										
Police										
Officers	42.00	42.00	38.00	38.00	38.00	39.00	39.00	0.00	0.00	
Civilians	18.75	18.00	19.00	18.50	18.92	17.50	17.50	0.00	0.00	
Administration	-	-	-	-	-	-	-	4.00	4.00	4.0
Patrol	-	-	-	-	-	-	-	33.50	33.78	33.4
Communications	-	-	-	-	-	-	-	10.50	2.50	-
Support Services	-	-	-	-	-	-	-	9.00	9.00	10.0
PUBLIC WORKS										
Administration	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	4.0
Airport	-	-	-	-	-	3.50	3.00	2.90	2.80	3.1
Street Maintenance	10.94	10.94	10.94	10.47	15.04	15.00	14.50	15.60	15.40	15.5
Public Properties	13.00	13.00	13.00	13.00	12.15	12.15	9.00	11.30	11.10	9.2
Water Operations	13.00	13.00	13.00	13.00	12.64	12.00	13.50	13.00	13.00	12.0
RECREATION										
Administration	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	0.8
Parks	-	-	-	0.92	0.92	0.92	0.92	0.82	0.80	1.0
Recreation and Beaches	13.38	13.38	13.09	11.27	12.53	14.08	14.08	18.40	17.30	14.0
TOTAL FULL-TIME EQUIVALENT EMPLOYEES	138.65	138.65	133.48	133.48	135.60	140.15	138.00	147.62	136.58	125.40

Data Source

Village records

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL GOVERNMENT										
Administration										
Resolutions Adopted	22	14	19	22	19	29	14	25	30	17
Ordinances Adopted	74	74	54	66	64	64	60	62	65	88
Village Newsletters	7	2	2	2	2	2	2	2	2	2
Village eNewsletters	54	52	62	56	57	64	146	173	247	209
Symposiums and Trade Shows	1	1	-	-	-	-	-	-	2	-
Business Relations Committee Meetings	12	10	9	4	-	-	-	-	-	-
Business Retention Programs	9	3	2	1	-	-	-	-	1	1
Shop LITH Partners	-	36	56	67	25	32	81	79	-	-
Shop LITH Registrations	-	273	672	1,027	1,150	1,264	1,320	1,450	-	-
Community Development - Planning										
Sketch Plans Reviewed	-	2	1	4	1	2	3	1	1	-
Tentative Plats Reviewed	-	1	-	1	1	2	2	-	-	-
Final Plats Reviewed	2	-	1	1	-	3	2	-	4	-
Development Plans Reviewed	2	2	1	3	1	2	3	1	-	-
Planning and Zoning Commission Meetings	11	11	7	10	9	9	-	11	9	-
Planning and Zoning Commission Public Hearings	15	16	8	10	7	9	-	17	14	-
Community Development - Building and Zoning										
Contractor Licenses	495	408	474	389	452	683	485	484	348	421
Certificates of Occupancy - Comm.	35	33	39	32	45	41	28	12	8	4
Building Inspections	3,092	1,783	2,136	1,796	1,899	5,413	2,300	2,940	3,525	3,233
Construction										
Single Family Detached	9	3	13	2	2	2	2	8	7	12
Duplex	-	-	-	2	16	12	10	2	10	14
Townhomes	-	-	-	-	-	-	-	-	-	-
Commercial	1	1	1	1	1	3	3	3	2	2
Permits Issued	1,464	985	1,252	1,000	1,078	3,257	1,520	1,317	1,493	1,523
Finance										
Vendor Checks Issued	4,336	3,970	4,058	3,972	4,030	4,096	3,800	4,128	3,666	3,256
Payroll Checks/Vouchers Issued	4,164	4,106	4,070	4,144	4,205	4,194	4,330	5,455	4,354	4,486
Business Licenses Issued	629	610	575	623	570	630	550	551	526	462
Purchase Orders Issued	220	171	196	185	218	228	205	264	222	192
Garage Sale Permits Issued	957	858	739	722	673	540	640	528	452	388
Receipts Processed	47,094	46,263	46,482	45,978	46,165	46,187	46,150	44,059	44,273	46,568
Investment Portfolio Value	\$13.8 mil	\$16.3 mil	\$15.9 mil	\$17.4 mil	\$16.4 mil	\$16.6 mil	\$18.5 mil	\$16.6 mil	\$17.2 mil	\$20.6 mil

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PUBLIC SAFETY										
Police										
Traffic Arrests	3,327	3,852	3,546	3,754	3,471	3,530	2,367	3,778	2,083	2,262
Traffic Accidents	612	674	656	596	668	595	624	739	526	566
Investigation Case Workload	230	279	148	126	108	154	174	123	87	106
Ordinance Citations Issued	2,401	2,083	1,852	2,048	2,216	1,550	2,268	2,424	2,606	2,019
Calls for Service	15,989	15,815	13,584	13,632	13,122	13,347	13,160	17,371	12,306	11,268
Training Hours (External)	4,564	3,973	2,613	2,471	2,421	3,002	3,258	1,489	1,008	1,251
Social Service Case Contacts	777	836	819	816	684	799	723	833	970	736
Total Number of CPA Grads	387	417	444	462	480	494	494	494	-	-
Crime Prevention Meetings	403	387	321	232	247	276	266	247	189	294
PUBLIC WORKS										
Maintenance Performed on										
Streets (in Miles)	78.3	78.3	79.7	79.8	79.8	80.0	80	80	80	80
Cul-De-Sacs/Courts	161	161	165	166	166	167	167	167	167	167
Vehicles/Major Equipment	106	106	106	107	107	107	107	107	107	107
Miles of Streets Resurfaced	5.7	2.7	2.8	3.6	4.0	3.2	3	3.25	4.43	4.05
Miles of Streets Reconstructed	1.6	-	-	-	-	-	-	-	-	-
RECREATION										
Playground Install/Renovations	1	-	-	-	-	-	-	1	3	4
Park Acreage and Open Space	803	803	803	803	803	803	803	803	803	803
New Park Sites	1	-	-	-	-	-	-	-	-	-
Labahn Hain House Uses	443	213	97	103	143	148	307	195	240	268
Picnic Shelter Uses	105	86	89	82	97	88	84	81	58	98
Village Hall Facility Rentals	1,177	486	509	363	305	312	571	372	582	642
Recreation Programs	865	1,161	1,099	963	950	825	756	826	704	672
Program Participants	9,120	9,634	8,752	8,359	6,389	7,851	12,874	5,131	4,908	5,348
WATER										
Number of Water Services	9,392	9,403	9,416	9,422	9,432	9,432	9,463	9,471	9,509.00	9,535.00
Number of J.U.L.I.E. locations	2,828	1,541	2,199	2,291	2,617	2,120	2,467	2,820	4,912.00	3,898.00
Average Daily Pumpage (Gallons)	2,288,079	2,254,483	2,216,116	2,436,593	2,241,988	2,233,146	2,117,702	2,119,562	2,128,770.00	2,073,414.00
Peak Daily Pumpage (Gallons)	3,790,600	3,788,300	4,766,000	5,500,000	3,256,460	2,916,475	3,294,200	3,322,200	3,648,000.00	3,498,000.00

Data Source

Village Records

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	30	30	29	28	29	29	28	25	26	26
PUBLIC WORKS										
Miles of Streets	89.00	89.50	90.90	91.00	91.00	91.00	91.00	91.00	91	91
Miles of Storm Sewer	101.25	101.25	104.10	104.27	104.39	104.39	104.39	104.39	104.39	104.39
WATER										
Water Mains (Miles)	138.42	138.42	140.19	140.19	140.19	140.70	141.10	141.10	141.10	141.60
Fire Hydrants	1,261	1,325	1,334	1,364	1,364	1,374	1,380	1,384	1,384	1,388
Valves	1,382	1,382	1,404	1,014	1,023	1,025	1,034	1,038	1,038	1,043
Storage Capacity (Gallons)	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000

Data Source

Village Records

**CONTINUING DISCLOSURES
ANNUAL FINANCIAL INFORMATION**

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

CONTINUING DISCLOSURES

December 31, 2018

**Village of Lake in the Hills, McHenry County, Illinois
2018 Continuing Disclosures Relating to the Following Debt Issues:**

\$1,275,000 General Obligation Refunding Bonds, Series 2012

For further information please contact:

Mr. Shane D. Johnson
Assistant Village Administrator/Finance Director
Village of Lake in the Hills
600 Harvest Gate
Lake in the Hills, Illinois 60156-4803

Telephone Number: (847) 960-7400

Fax Number: (847) 960-7415

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

RETAILER'S OCCUPATION, SERVICE OCCUPATION AND USE TAX

Last Ten Fiscal Years

Fiscal Year	State Sales Tax Distributions	Annual Percent Change
2009	2,047,748	-3.34%
2010	2,042,891	-0.24%
2011	2,203,908	7.88%
2012	2,373,329	7.69%
2013	2,406,211	1.39%
2014	2,465,299	2.46%
2015	2,534,770	2.82%
2016	2,642,804	4.26%
2017	2,749,288	4.03%
2018	2,921,636	6.27%
Growth from 2009 to 2018		42.68%

Notes:

Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailer's Occupation, Service Occupation and Use Tax, collected on behalf of the Village, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.

Data Source

GL Data

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PROPERTY ASSESSMENT AND TAX INFORMATION

EQUALIZED ASSESSED VALUATION

Last Five Levy Years

Proprty Class	Levy Year				
	2014	2015	2016	2017	2018
Residential	500,232,836	512,782,359	547,463,788	580,496,043	617,749,425
Farm	337,729	339,858	359,329	284,104	274,112
Commercial	39,842,919	41,717,939	43,998,527	45,614,071	47,850,516
Industrial	15,762,642	16,208,605	17,146,121	17,896,239	19,067,848
Mineral	3,592,332	3,594,790	3,598,226	3,624,406	3,628,035
Railroad	-	-	0	0	0
Total	\$ 559,768,458	\$ 574,643,551	612,565,991	647,914,863	688,569,936
Percent Change	-3.42%	2.66%	6.60%	5.77%	6.27%

Data Source

McHenry County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PROPERTY ASSESSMENT AND TAX INFORMATION

REPRESENTATIVE TAX RATES

Last Five Levy Years

Tax Levy Year	2014	2015	2016	2017	2018
Village Rates					
Corporate	0.3858	0.3344	0.3069	0.2830	0.2809
Audit	0.0019	0.0022	0.0023	0.0026	0.0019
Retirement	0.0950	0.0910	0.0809	0.0740	0.0620
Police Protection	0.1023	0.1061	0.1023	0.0943	0.0936
Police Pension	0.1908	0.2177	0.2112	0.2115	0.1993
Tort Insurance	0.0348	0.0347	0.0310	0.0298	0.0248
Social Security	0.1186	0.1179	0.1158	0.1073	0.0989
Worker's Compensation	0.0502	0.0501	0.0446	0.0434	0.0348
Street and Bridge	0.0000	0.0000	0.0000	0.0000	0.0000
Total Village Rate	0.9793	0.9539	0.8950	0.8461	0.7961
McHenry County	1.1412	1.0781	1.054	0.9019	0.8317
McHenry County Conservation	0.2840	0.2766	0.259	0.2449	0.2380
Algonquin Township	0.0851	0.0828	0.071	0.0638	0.0603
Algonquin Township Road and Bridge	0.1913	0.1862	0.170	0.1527	0.1417
Algonquin - Lake in the Hills					
Fire Protection District	0.9987	0.9915	1.044	1.0133	0.9848
Algonquin Public Library District	0.6245	0.6218	0.596	0.5761	0.4803
Lake in the Hills Sanitary District	0.1312	0.0939	0.089	0.0861	0.0829
Unit School District Number 300	6.7147	6.5321	6.131	5.8706	5.6857
Community College District Number 509	0.6738	0.5657	0.534	0.5130	0.5207
Total Tax Rates	11.8237	11.3826	10.8429	10.2684	9.8222

Notes:

Property tax rate are per \$100 of assessed valuation.

Representative tax rates for other government units are from Algonquin Township tax code 19003 which

559,768,458 2014 EAV

113,554,494 19003 EAV

Data Source

20.3%

McHenry County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
PROPERTY ASSESSMENT AND TAX INFORMATION
TAX EXTENSIONS AND COLLECTIONS

Last Five Levy Years

Levy Year	Collection Year	Tax Extended	Total Collections	
			Amount	Percent
2013	2014	5,667,633	5,663,619	99.93%
2014	2015	5,665,345	5,657,491	99.86%
2015	2016	5,663,809	5,654,754	99.84%
2016	2017	5,663,870	5,659,921	99.93%
2017	2018	5,657,207	5,650,845	99.89%

Note:

Includes Road and Bridge Levy

Data Source

McHenry County Treasurer

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PRINCIPAL VILLAGE TAXPAYERS

December 31, 2018

Taxpayer	Business/Service	2018
Costco Wholesale Corp	Retail Warehouse	\$ 3,060,620
Randall Algonquin Plaza LLC	Real Property	2,492,789
Lowe's Home Centers Inc.	Hardware Store	2,200,666
AMH 2014 2 Borrower LLC	Entertainment	2,071,371
Realty Income II Prop 3 LLC / Kerasotes Theaters	Entertainment	1,931,811
Amerco Real Estate Co.	Real Property	1,714,620
1st Midwest Bank Trust 12871	Real Property	1,411,075
ARSC Real Est Holdings LLC	Real Property	1,339,293
Prairie Stone Shops LLC	Real Property	1,325,080
URBCO LLC	Real Property	<u>1,258,851</u>
Total		\$ 18,806,176
Ten Largest Taxpayers as a Percent of the Village's 2018 EAV (\$688,569,963)		2.73%

Note:

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked. The 2016 EAV is the most current available.

Data Source

McHenry County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

DEBT INFORMATION

GENERAL OBLIGATION BONDED AND INSTALLMENT CONTRACT CERTIFICATED DEBT
(PRINCIPAL ONLY)

Calendar Year	General Obligation Refunding Bonds		Total Debt	Cumulative Principal Retired	
	Series 2009	Series 2012		Amount	Percent
2014	\$ 690,000	\$ 385,000	\$ 1,075,000	\$ -	0.00%
2015	655,000	385,000	1,040,000	1,040,000	49.17%
2016	650,000	60,000	710,000	1,750,000	61.95%
2017	650,000	60,000	710,000	2,460,000	69.59%
2018		60,000	60,000	2,520,000	70.10%
2019		60,000	60,000	2,580,000	70.59%
2020		65,000	65,000	2,645,000	71.10%
2021		65,000	65,000	2,710,000	71.60%
2022		70,000	70,000	2,780,000	72.11%
Total	\$ -	\$ 260,000	\$ 260,000		

Data Source

Village Records

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

DEBT INFORMATION

DETAILED OVERLAPPING BONDED DEBT

December 31, 2018

Governmental Unit	Outstanding Debt	Applicable to Village	
		Percent	Amount
Schools:			
School District Number 47	21,836,745	8.65%	\$ 1,888,878
High School District Number 155	16,410,000	5.71%	937,011
Unit School District Number 158	198,481,407	27.22%	54,026,639
Unit School District Number 300	410,424,189	25.49%	104,617,126
Community College District Number 509	271,537,052	25.18%	68,373,030
Total Schools			<u>229,842,684</u>
Other:			
McHenry County Conservation District	\$ 116,174,000	8.20%	\$ 9,526,268
Cary Park District	6,088,837	0.01%	609
Crystal Lake Park District	6,294,143	1.20%	75,530
Huntley Park District	7,876,134	33.42%	2,632,204
Algonquin Library District	1,717,538	36.87%	633,256
LITH Sanitary District	6,280,978	86.48%	5,431,790
Total Other			<u>\$ 18,299,657</u>
Total Schools and Others Overlapping Bonded Debt			\$ 248,142,341

Note:

Overlapping debt percentages based on 2017 EAV, the most current available.

Data Source

McHenry County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

DEBT INFORMATION
STATEMENT OF BONDED INDEBTEDNESS

December 31, 2017

	Amount Applicable	Ratio To		Per Capita
		Equalized Assessed	Estimated Actual	
Village EAV of Taxable Property, 2018	\$ 688,569,936	100.00%	33.33%	\$ 23,558.57
Estimated Actual Value, 2018	2,065,709,808	300.00%	100.00%	\$ 70,675.72
Total Direct Bonded and Certificated Debt	\$ 260,000	0.04%	0.01%	\$ 8.90
Less: Self-Supporting	-	0.00%	0.00%	\$ -
Net Direct Bonded and Certificated Debt	\$ 260,000	0.04%	0.01%	\$ 8.90
Overlapping Bonded Debt:				
Schools	\$ 229,842,684	33.38%	11.13%	\$ 7,863.78
Other	18,299,657	2.66%	0.89%	\$ 626.10
Total Overlapping Bonded Debt	\$ 248,142,341	36.04%	12.01%	\$ 8,489.88
Net Direct and Total Overlapping Bonded Debt	\$ 248,402,341	36.08%	12.03%	\$ 8,498.78

Note:

The most recent per capita number is from the 2016 Special Census-29,288

Date Source

McHenry County Clerk

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION

Last Two Fiscal Years

Fiscal Year	2017	2018
Assets:		
Cash and Investments	12,781,957	14,694,028
Inventory	90,113	83,601
Due from Other Governments	1,805,301	1,736,314
Accounts Receivable	226,114	363,846
Property Tax Receivable	6,139,968	6,117,003
Accrued Interest Receivable	17,504	17,021
Prepaid Expenses	134,755	249,508
Land Held for Resale		
Capital Assets not Being Depreciated	148,159,702	148,181,447
Capital Assets (Net of Accumulated Depreciation)	32,811,040	31,797,041
Deferred Charges		
Net Pension Asset		
Total Assets	202,166,454	203,239,809
Deferred Outflows of Resources:		
Pension Items - Police Pension	604,533	2,813,421
Pension Items - IMRF	1,542,898	747,864
Unamortized Loss on Refunding	-	-
Total Deferred Outflows of Resources	2,147,431	3,561,285
Total Assets and Deferred Outflows of Resources	204,313,885	206,801,094
Liabilities:		
Accounts Payable	507,961	501,067
Accrued Interest Payable	-	
Retainage Payable		
Accrued Payroll	447,084	519,996
Unearned Revenue	41,233	36,139
Deposits Payable	292,745	321,330
Noncurrent Liabilities:		
Due within One Year	190,684	234,246
Due in More Than One Year	12,573,000	14,113,444
Total Liabilities	14,052,707	15,726,222
Deferred Inflows of Resources:		
Pension Items - Police Pension	1,554,118	1,589,266
Pension Items - IMRF	386,520	1,374,827
OPEB Items	-	41,266
Unearned Property Taxes	6,139,968	6,117,003
Total Deferred Inflows of Resources	8,080,606	9,122,362
Total Liabilities and Deferred Outflows of Resources	22,133,313	24,848,584
Net Position:		
Investment in Capital Assets, Net of Related Debt	180,977,897	179,978,488
Restricted for:		
Public Safety	93,152	134,255
Veterans Memorial	15,192	13,125
Maintenance of Roadways	1,603,067	1,491,323
Special Service Areas	1,410,574	1,291,085
Special Projects		
Unrestricted	(1,919,310)	(955,766)
Total Net Position	182,180,572	181,952,510

Note:

Each Fiscal Year has been audited as of December 31.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

GOVERNMENTAL ACTIVITIES
STATEMENT OF ACTIVITIES

Last Two Fiscal Years

Fiscal Year	2017	2018
Governmental Activities:		
General Government	(2,645,387)	(3,615,672)
Public Safety	(7,269,080)	(8,877,522)
Public Works	(6,116,861)	(6,462,566)
Recreation	(736,760)	(1,536,271)
Interest and Fiscal Charges	(27,819)	-
	(16,795,907)	(20,492,031)
General Revenues:		
Taxes:		
Property	6,134,871	6,125,852
Sales	2,871,786	2,921,636
Home Rule	1,853,019	1,927,663
Use	774,313	858,587
Utility	-	1,372,683
Simplified Telecommunications	504,066	454,644
Income	2,675,681	2,799,051
Other	361,606	385,743
Investment Income	113,607	363,672
Miscellaneous	161,450	193,450
	15,450,399	17,402,981
Total General Revenues	15,450,399	17,402,981
CHANGE IN NET POSITION	(1,345,508)	345,753
NET POSITION, JANUARY 1	183,526,080	182,180,572
Prior Period Adjustment	-	-
Change in Accounting Principle	-	(573,815)
NET ASSETS, DECEMBER 31	182,180,572	181,952,510

Note:

Each Fiscal Year has been audited as of December 31.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

GENERAL FUND
BALANCE SHEET

Last Five Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018
Assets					
Cash and Investments	\$ 8,364,429	\$ 8,763,805	\$ 8,430,721	8,801,981	11,050,281
Inventory	73,684	77,649	87,539	90,113	83,601
Prepaid Items	352,844	224,956	303,737	134,755	249,508
Due from Other Governments	1,664,849	1,784,986	1,812,403	1,708,851	1,672,832
Accounts Receivable	225,635	213,106	231,870	226,114	218,884
Property Tax Receivable	5,662,716	5,663,787	5,663,870	5,664,688	5,661,723
Land Held for Resale					
Accrued Interest Receivable	17,330	2,031	2,077	4,121	6,261
Total Assets	16,361,487	16,730,320	16,532,217	16,630,623	18,943,090
Liabilities					
Liabilities:					
Accounts Payable	\$ 446,482	\$ 255,945	\$ 12,746	306,253	338,324
Accrued Interest Payable					
Retainage Payable					
Accrued Payroll	377,197	464,733	468,544	447,084	519,996
Unearned Revenue	37,767	50,674	35,771	41,233	36,139
Due to Other Funds					
Deposits Payable	205,706	256,578	504,647	292,745	321,330
Total Liabilities	1,067,152	1,027,930	1,021,708	1,087,315	1,215,789
Deferred Inflows of Resources					
Unavailable Property Taxes	5,662,716	5,663,787	5,663,870	5,664,688	5,661,723
Total Deferred Inflows of Resources	5,662,716	5,663,787	5,663,870	5,664,688	5,661,723
Total Liabilities and Deferred Inflows of Resources	6,729,868	6,691,717	6,685,578	6,752,003	6,877,512
Fund Balances					
Fund Balances:					
Nonspendable	\$ 426,528	\$ 302,605	\$ 391,276	224,868	333,109
Restricted	98,565	98,032	90,910	108,344	147,380
Committed	-	-	-	-	1,500,000
Unassigned	9,106,526	9,637,966	9,364,453	9,545,408	10,085,089
Total Fund Balances	9,631,619	10,038,603	9,846,639	9,878,620	12,065,578
Total Liabilities and Fund Equity	16,361,487	16,730,320	16,532,217	16,630,623	18,943,090

Notes:

Each Fiscal Year has been audited as of December 31.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

GENERAL FUND
REVENUES AND EXPENDITURES

Last Five Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 10,759,892	\$ 10,952,380	\$ 11,244,486	12,018,701	12,195,120
Licenses and Permits	369,805	256,269	280,094	368,371	398,604
Intergovernmental	2,818,480	3,099,245	2,866,980	2,802,147	2,825,128
Charges for Services	2,082,364	1,876,957	1,815,358	1,699,987	1,747,391
Fines, Fees, and Forfeits	561,990	497,924	461,476	353,762	367,653
Investment Income	(136,539)	32,656	48,153	75,415	298,018
Miscellaneous	318,764	239,162	304,110	282,998	288,387
Total Revenues	16,774,756	16,954,593	17,020,657	17,601,380	18,120,301
Expenditures					
Current:					
General Government	\$ 2,734,831	\$ 3,049,155	\$ 2,914,258	3,131,040	2,919,808
Public Safety	7,603,204	7,558,232	7,838,943	7,909,997	7,935,683
Public Works	3,640,088	3,488,983	3,506,435	3,838,118	3,736,648
Recreation	1,842,114	1,751,757	1,691,213	1,483,492	1,361,209
Debt Service:					
Interest and Fiscal Charges					
Total Expenditures	15,820,237	15,848,127	15,950,849	16,362,646	15,953,348
Excess of Revenues over (under) Expenditures	954,519	1,106,466	1,069,808	1,238,734	2,166,953
Other financing Sources (Uses)					
Operating Transfers In	\$ 27,500	\$ 27,500	\$ 20,000	20,001	20,005
Operating Transfers Out	(791,718)	(735,590)	(1,281,772)	(1,226,754)	-
Sale of Capital Assets	36,980	8,608	-	-	-
Bond Proceeds					
Total Other Financing Sources (Uses)	(727,238)	(699,482)	(1,261,772)	(1,206,753)	20,005
Excess of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	\$ 227,281	\$ 406,984	\$ (191,964)	\$ 31,981	\$ 2,186,958
Beginning Fund Balance	\$ 9,404,338	\$ 9,631,619	\$ 10,038,603	\$ 9,846,639	\$ 9,878,620
Ending Fund Balance	\$ 9,631,619	\$ 10,038,603	\$ 9,846,639	\$ 9,878,620	\$ 12,065,578

Notes:

Each Fiscal Year has been audited as of December 31.

Significant interfund transfers are for debt service, capital improvements, and lake restoration.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

GENERAL FUND
BUDGET AND FINANCIAL INFORMATION

	Budget Twelve Months Ending 12/31/2018	Budget Twelve Months Ending 12/31/2019
Revenues		
Taxes	\$ 12,080,688	\$ 12,527,723
Licenses and Permits	326,599	341,547
Intergovernmental	2,733,676	2,827,740
Charges for Services	1,782,815	1,614,154
Fines, Fees, and Forfeits	355,075	359,800
Investment Income	75,000	125,000
Miscellaneous	200,950	220,700
Sale of Capital Assets	-	-
Transfers	20,000	-
Total Revenues	\$ 17,574,803	\$ 18,016,664
Expenditures		
Current:		
General Government	3,033,589	3,314,279
Public Safety	8,148,443	8,478,101
Public Works	3,862,976	4,013,704
Recreation	1,723,245	1,525,548
Transfers	489,954	100,000
Total Expenditures	\$ 17,258,207	\$ 17,431,632



VILLAGE OF LAKE IN THE HILLS, ILLINOIS

AUDITOR'S COMMUNICATION TO THE
BOARD OF TRUSTEES

For the Year Ended December 31, 2018



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VILLAGE OF LAKE IN THE HILLS, ILLINOIS
AUDITOR’S COMMUNICATION TO THE BOARD OF TRUSTEES
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

June 5, 2019

The Honorable President
Members of the Board of Trustees
Village of Lake in the Hills
600 Harvest Gate
Lake in the Hills, Illinois 60156

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by the Statements on Audit Standards. Our communication at the beginning of our audit process along with our questionnaire regarding Consideration of Fraud in a Financial Statement Audit was sent to you on January 11, 2019.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. That communication, as well as a listing of future pronouncements that may affect the Village, are enclosed within this document.

This information is intended solely for the use of the President, Board of Trustees and management of the Village of Lake in the Hills and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Sikich LLP

Sikich LLP
By: James Savio, CPA, MAS
Partner

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

SIKICH.COM

June 5, 2019

Honorable President
Members of the Board of Trustees
Village of Lake in the Hills
Lake in the Hills, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information which collectively comprise the basic financial statements of the Village of Lake in the Hills, Illinois (the Village) for the year ended December 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 19, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2018, except for the implementation for GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the basic financial statements except for the actuarial assumptions used to calculate the total pension liabilities and total OPEB liability.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures during the audit of our financial statements. The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted no misstatements during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 5, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the combining and individual fund financial statements and schedules accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the combining and individual fund financial statements and schedules to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the President, Board of Trustees and management of the Village and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the courtesies extended to us by the Village. If you have any questions regarding the purpose of this letter, please give me a call.

Sincerely,

Sikich LLP

Sikich LLP

By: James R. Savio, CPA, MAS
Partner

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

**COMMUNICATION OF DEFICIENCIES IN
INTERNAL CONTROL AND
OTHER COMMENTS TO MANAGEMENT**

December 31, 2018

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

SIKICH.COM

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

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we also identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication. As discussed on the following pages, we identified certain deficiencies in internal control. In addition, we reviewed the status of the deficiencies from December 31, 2017. The status of these comments is included in Appendix A.

This memorandum is intended solely for the information and use of management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
June 5, 2019

OTHER INFORMATION

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that will impact the Village in the future.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this standard are effective for the fiscal year ending December 31, 2019. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this standard are effective for the fiscal year ending December 31, 2019. Earlier application is encouraged.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the fiscal year December 31, 2020.

GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in March 2018 and provides guidance on improving disclosures in the notes to the financial statements related to debt, including direct borrowings and direct placements of debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date

OTHER INFORMATION (Continued)

Future Accounting Pronouncements (Continued)

the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement is effective for the fiscal year December 31, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. This statement is effective for the fiscal year ending December 31, 2020.

GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The primary objectives of this Statement are to improve the consistency in the measurement and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement establishes that ownership of a majority equity interest in a legal separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. This statement is effective for the fiscal year ending December 31, 2019.

APPENDIX A
STATUS OF DECEMBER 31, 2017 RECOMMENDATIONS

DEFICIENCY

Water Accounts Receivable (A/R)

During our testing of water revenues and receivables, we noted that the Village is not able to run a detailed listing of customer receivable balances at December 31, 2017. The receivable balance in the general ledger approximates the amounts billed for December 2017 plus the accrual for the unbilled receivables. We recommend that the Village work with New World to identify a detailed accounts receivable aging report. Additionally, we recommend that the detailed accounts receivable aging report be reviewed monthly and reconciled to the general ledger.

Status - Comment implemented at December 31, 2018.

FIRM PROFILE



ORGANIZATION

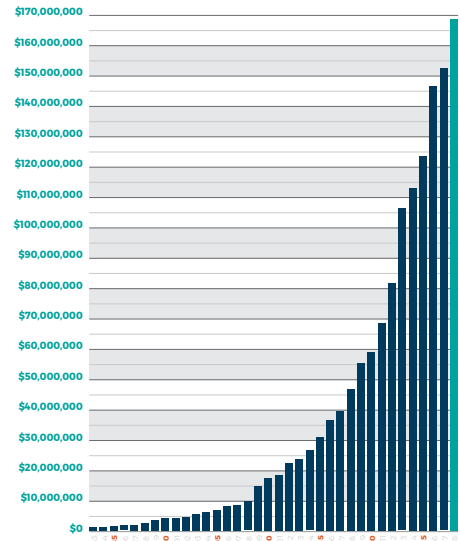
Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking* and advisory services**, has 750+ professionals throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top one percent of all enterprise resource planning solution partners in the world. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

INDUSTRIES

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

AGRICULTURE	ENERGY	MANUFACTURING & DISTRIBUTION
CONSTRUCTION & REAL ESTATE	GOVERNMENT	NOT-FOR-PROFIT

SIKICH TOTAL REVENUE



STATISTICS

2018 Revenue\$169M
 Total Partners ~100
 Total Personnel 750+
Personnel count as of January 1, 2019

2018 AWARDS

- Oracle® NetSuite **5 Star Award**
- *Accounting Today* Top 100 Firms - ranked #28 nationally
- Best Places to Work in Illinois
- Best Places to Work in Indiana
- Milwaukee's Best and Brightest Companies to Work For®
- Chicago's Best and Brightest Companies to Work For®
- Microsoft Dynamics Inner Circle
- Boston's Best and Brightest Companies to Work For®
- Bob Scott's Top 100 Value Added Reseller Stars (VARs) -ranked #8

SERVICES

ACCOUNTING, TAX & ASSURANCE

TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Security and Compliance

ADVISORY

- Business Succession Planning
- Insurance Services
- Forensic and Valuation Services
- Human Resources Consulting
- Investment Banking
- Marketing & Design
- Public Relations
- Retirement Plan Services
- Supply Chain
- Wealth Management

* Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.

** Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.

2017 AWARDS

- Bob Scott's Top 100 (VARs) - ranked #7
- *Accounting Today* Top 100 VARs - ranked #6
- Vault Accounting Top Ranked
- When Work Works Award
- WorldatWork Work-Life Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club
- Best Places to Work in Illinois
- Milwaukee's 101 Best and Brightest Companies to Work For®
- Best Places to Work in Indiana
- Chicago's 101 Best and Brightest Companies to Work For®
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee
- *Chicago Tribune's* Top Workplaces
- *Crain's List* Chicago's Largest Privately Held Companies - ranked #234
- Boston's 101 Best and Brightest Companies to Work For®
- National Best and Brightest in Wellness
- National Best and Brightest Companies to Work For

2016 AWARDS

- *Accounting Today* Top Regional Leaders and Firms: Great Lakes - ranked #4
- *Milwaukee Business Journal* Largest Management Consulting Firms - ranked #10
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms - ranked #8
- *Inc. 5000* - ranked #4613
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms - ranked #31 nationally
- Milwaukee's 101 Best and Brightest Companies to Work For®
- WICPA Excellence Award - Public Service Award
- *Accounting Today* Top 100 VARs - ranked #7
- Bob Scott's Top 100 VARs - ranked #7
- Boston's 101 Best and Brightest Companies to Work For®
- US Small and Mid-Sized Business (SMB) Champions Club Heartland Partner of the Year, Microsoft's US SMB Champions Club
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee

CERTIFICATIONS

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2017 Sikich LLP received its 10th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

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Gold

Microsoft Partner



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- **MCP** (Microsoft Certified Professional)
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- **CCNA** (Cisco Certified Network Associate)
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- **MS CAE** (Microsoft Certified Account Executive)
- **MCDBA** (Microsoft Certified Database Admin)
- **Certified for Microsoft Dynamics (NAV)**

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**International Accounting Bulletin, 2011*



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The Honorable President
Members of the Board of Trustees
Lake in the Hills, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake in the Hills, Illinois, (the Village) as of and for the year ended December 31, 2018 in accordance with auditing standards generally accepted in the United States of America we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the President, Board of Trustees management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
June 5, 2019



**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

The background of the lower half of the page features a complex, abstract graphic. It consists of a grid of thin, light-colored lines that create a sense of depth and perspective, resembling a wireframe or a digital landscape. The lines are arranged in a way that suggests a three-dimensional space, with some lines appearing to recede into the distance. The overall color palette is muted, with shades of gray and white, and a prominent teal band at the top.

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VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
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INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Police Pension Plan
Board of Trustees
Police Pension Plan
Village of Lake in the Hills, Illinois

We have audited the accompanying financial statements of the Police Pension Plan (the Plan), a pension trust fund of the Village of Lake in the Hills, Illinois, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the Plan'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Police Pension Plan of the Village of Lake in the Hills, Illinois as of December 31, 2018, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1A, these financial statements present only the Plan and are not intended to present fairly the financial position and changes in financial position of the Village of Lake in the Hills, Illinois, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Plan has not presented a Management's Discussion and Analysis as required supplementary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary 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 responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental data listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Plan. The supplemental data is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
June 5, 2019

BASIC FINANCIAL STATEMENTS

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2018

ASSETS	
Cash	\$ 549,035
Investments, at Fair Value	
Illinois Funds	75,191
Illinois Metropolitan Investment Fund	2
First American Government Obligation Fund	744,698
U.S. Treasury Securities	3,637,519
U.S. Agency Securities	885,319
Municipal Bonds	175,768
Corporate Bonds	6,681,709
Fixed Income Mutual Funds	297,670
Equity Mutual Funds	14,963,141
Prepays	2,249
Receivables	
Accrued Interest	<u>86,628</u>
 Total Assets	 28,098,929
 LIABILITIES	
Accounts Payable	<u>87,760</u>
 NET POSITION RESTRICTED FOR PENSION	
	<u><u>\$ 28,011,169</u></u>

See accompanying notes to financial statements.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2018

ADDITIONS

Contributions

Employer	\$ 1,369,010
Employee	<u>352,057</u>

Total Contributions	<u>1,721,067</u>
---------------------	------------------

Investment Income

Net (Depreciation) in Fair Value of Investments	(1,916,356)
Interest	<u>612,552</u>

Total Investment Income	(1,303,804)
Less Investment Expense	<u>(84,648)</u>

Net Investment Income	<u>(1,388,452)</u>
-----------------------	--------------------

Total Additions	<u>332,615</u>
-----------------	----------------

DEDUCTIONS

Pension Benefits	1,019,055
Administrative Expenses	<u>44,211</u>

Total Deductions	<u>1,063,266</u>
------------------	------------------

NET (DECREASE)	(730,651)
----------------	-----------

**NET POSITION RESTRICTED
FOR PENSION**

January 1	<u>28,741,820</u>
-----------	-------------------

December 31	<u><u>\$ 28,011,169</u></u>
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See accompanying notes to financial statements.

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Plan is a fiduciary fund of the Village of Lake in the Hills, Illinois (the Village) pursuant to GASB Statement No. 14.

B. Fund Accounting

The Plan uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified in this report into the fiduciary category.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When pension plan assets are held under the terms of a formal trust agreement, a pension trust fund is used.

C. Basis of Accounting

The pension trust fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net position. Pension trust fund operating statements present increases (e.g., additions) and decreases (e.g., deductions) in net total position.

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions are recorded when earned and deductions are recognized when due.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Investments

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

E. Accounting Estimates

The preparation of financial statements in conformity with GAAP 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 disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

2. PLAN DESCRIPTION

Police Pension Plan

Plan Administration

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

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

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

2. PLAN DESCRIPTION (Continued)

Police Pension Plan (Continued)

Plan Membership

At December 31, 2017 (actuarial valuation date), the Plan membership consisted of:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	38
 TOTAL	 59

Benefits Provided

The Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55).

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

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

2. PLAN DESCRIPTION (Continued)

Police Pension Plan (Continued)

Contributions

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the 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, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% the past service cost for the Plan. However, the Village has elected to fund 100% of the past service cost for the Plan by 2033. For the year ended December 31, 2018, the Village's contribution was 43.15% of covered payroll.

3. INVESTMENTS

The deposits and investments of the Plan are held separately from those of the Village and are under the control of the Plan's Board of Trustees.

A. Investment Policy

ILCS limits the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan can invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, The Illinois Funds and IMET, certain non-U.S. obligations (corporate debt securities) rated as investment grade by one of the two largest rating services at the time of purchase, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds, equity securities and real estate investment trusts. The investment policy was not revised during the year ended December 31, 2018.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

A. Investment Policy (Continued)

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Fixed Income	34.00%	2.70%
High Yield Bonds	2.00%	4.80%
U.S. Large Cap Growth Equity	17.50%	7.10%
U.S. Large Cap Value Equity	17.50%	7.10%
U.S. Mid Cap Growth Equity	2.50%	7.70%
U.S. Mid Cap Value Equity	2.50%	7.70%
U.S. Small Cap Growth Equity	2.50%	8.20%
U.S. Small Cap Value Equity	2.50%	8.20%
Europe Equity	6.00%	5.30%
Japan Equity	6.00%	5.30%
Emerging Markets Equity	2.00%	9.30%
REIT's	1.00%	5.90%
Equity Long/Short	4.00%	5.70%

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

A. Investment Policy (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation of 2.10%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2018 are listed in the table above.

B. Investment Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.88)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Deposits with Financial Institutions

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

D. Interest Rate Risk

The following table presents the investments and maturities of the Plan's debt securities and money market mutual funds as of December 31, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 3,637,519	\$ 536,972	\$ 1,513,403	\$ 1,587,144	\$ -
U.S. Agency Obligations	885,319	-	266,170	344,319	274,830
Fixed Income Mutual Funds	297,670	-	297,670	-	-
Corporate Bonds	6,681,709	349,434	2,339,496	3,905,929	86,850
Municipal Bonds	175,768	39,968	84,837	50,963	-
TOTAL	\$ 11,677,985	\$ 926,374	\$ 4,501,576	\$ 5,888,355	\$ 361,680

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

D. Interest Rate Risk (Continued)

In accordance with its investment policy, the Plan limits its exposure to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment, by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Plan.

E. Fair Value Measurements

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

The Plan has the following recurring fair value measurements as of December 31, 2018: the U.S. Treasury obligations, equity fixed income and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, corporate bonds and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs).

F. Credit Risk

The Plan limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury securities, U.S. agency securities and corporate bonds. The U.S. agency obligations are either not rated or rated from AA+ to Aaa. The municipal bonds are either not rated or rated from Aa1 to A. The corporate bonds are rated Baa3 to AAA.

G. 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 Plan will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Plan's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis. Securities will be held by a third-party custodian designated by the Plan and evidenced by safekeeping receipts. If a third-party custodian is not used, then the broker must provide an excess Securities Investor Protection Corporation policy in the name of the Plan.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

H. Concentrations

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

4. PENSION LIABILITY OF THE VILLAGE

A. Net Pension Liability

Total Pension Liability	\$ 40,228,262
Plan Fiduciary Net Position	28,011,169
Village's Net Pension Liability	12,217,093
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.63%

See the schedule of changes in the employer's net pension liability and related ratios on page 15 of the required supplementary information for additional information related to the funded status of the Plan.

B. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation as of December 31, 2017 using the following actuarial methods and assumptions. The total pension liability was rolled forward by the actuary using updating procedures to December 31, 2018.

Actuarial Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.50%
Salary Increases	4.00% to 11.02%
Interest Rate	6.75%
Cost of Living Adjustments	3.00% - Tier 1 One Half of CPI-U - Tier 2
Asset Valuation Method	Market

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

4. PENSION LIABILITY OF THE VILLAGE (Continued)

B. Actuarial Assumptions (Continued)

Mortality rates are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

C. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

D. Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 6.75% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 19,357,660	\$ 12,217,093	\$ 6,551,131

5. CONTINGENT LIABILITIES

The Plan is subject to a program compliance audit by the Illinois Department of Insurance. The compliance audit for the year ended December 31, 2018 has not yet been conducted. Accordingly, the Plan's compliance with applicable requirements will be established at some future date. The amount of adjustments, if any, to be made by the Illinois Department of Insurance cannot be determined at this time although the Plan expects such amount, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

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

Last Five Fiscal Years

FISCAL YEAR ENDING DECEMBER 31,	2014	2015	2016
TOTAL PENSION LIABILITY			
Service Cost	\$ 914,462	\$ 819,172	\$ 927,272
Interest	1,972,342	2,166,890	2,290,894
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	723,430	(965,189)	56,947
Changes of Assumptions	1,077,358	709,326	(862,520)
Benefit Payments, Including Refunds of Member Contributions	(739,738)	(783,911)	(1,002,314)
Net Change in Total Pension Liability	3,947,854	1,946,288	1,410,279
Total Pension Liability - Beginning	28,546,180	32,494,034	34,440,322
TOTAL PENSION LIABILITY - ENDING	\$ 32,494,034	\$ 34,440,322	\$ 35,850,601
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 1,020,259	\$ 1,066,419	\$ 1,248,941
Contributions - Member	328,681	347,585	410,317
Contributions - Other	55,831	105	-
Net Investment Income	1,101,370	(83,151)	1,386,255
Benefit Payments, Including Refunds of Member Contributions	(739,738)	(783,911)	(1,002,314)
Administrative Expense	(43,872)	(27,935)	(27,378)
Net Change in Plan Fiduciary Net Position	1,722,531	519,112	2,015,821
Plan Fiduciary Net Position - Beginning	20,861,794	22,584,325	23,103,437
PLAN FIDUCIARY NET POSITION - ENDING	\$ 22,584,325	\$ 23,103,437	\$ 25,119,258
EMPLOYER'S NET PENSION LIABILITY	\$ 9,909,709	\$ 11,336,885	\$ 10,731,343
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	67.10%	70.10%
Covered Payroll	\$ 3,507,517	\$ 3,833,606	\$ 3,628,173
Employer's Net Pension Liability as a Percentage of Covered Payroll	282.50%	295.70%	295.80%

Note to Required Supplementary Information

Year Ended December 31, 2016 - There was a change with respect to actuarial assumptions related to the mortality assumption. It was updated to include mortality improvements as stated in the most recently released MP-2016 table and rates are now being applied on a fully generational basis.

Year Ended December 31, 2015 - There was a change with respect to actuarial assumptions related to the discount rate used in the determination of the total pension liability. It was changed from 7.00% to 6.75%. Certain demographic assumptions were also changed, which impacted mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

Year Ended December 31, 2014 - There was a change with respect to actuarial assumptions to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates.

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

	2017		2018
\$	989,863	\$	973,114
	2,385,137		2,551,157
	-		-
	109,340		(581,406)
	-		-
	(1,030,489)		(1,019,055)
	2,453,851		1,923,810
	35,850,601		38,304,452
\$	38,304,452	\$	40,228,262
\$	1,292,435	\$	1,369,010
	379,776		352,057
	-		-
	3,005,889		(1,388,452)
	(1,030,489)		(1,019,055)
	(25,049)		(44,211)
	3,622,562		(730,651)
	25,119,258		28,741,820
\$	28,741,820	\$	28,011,169
\$	9,562,632	\$	12,217,093
	75.04%		69.63%
\$	3,746,089	\$	3,172,999
	255.30%		385.00%

(See independent auditor's report.)

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

FISCAL YEAR ENDING	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 743,251	\$ 910,443	\$ 951,305	\$ 932,539	\$ 913,030	\$ 1,018,934	\$ 1,067,861	\$ 1,250,911	\$ 1,293,479	\$ 1,370,179
Contributions in Relation to the Actuarially Determined Contribution	750,288	911,933	961,269	933,602	914,128	1,020,259	1,066,419	1,248,941	1,292,435	1,369,010
CONTRIBUTION DEFICENCY (Excess)	\$ (7,037)	\$ (1,490)	\$ (9,964)	\$ (1,063)	\$ (1,098)	\$ (1,325)	\$ 1,442	\$ 1,970	\$ 1,044	\$ 1,169
Covered Payroll	\$ 3,266,661	\$ 3,059,285	\$ 3,080,126	\$ 3,045,224	\$ 3,194,090	\$ 3,507,517	\$ 3,833,606	\$ 3,628,173	\$ 3,746,089	\$ 3,172,999
Contributions as a Percentage of Covered Payroll	22.97%	29.81%	31.21%	30.66%	28.62%	29.09%	27.82%	34.42%	34.50%	43.15%

Notes to Required Supplementary Information

Valuation Date Actuarially Determined Contribution Rates are Calculated as of January 1 of the Prior Fiscal Year.

Methods and Assumptions as of the Actuarial Valuation Dated January 1, 2017:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Pay, Closed; 100% through 2033
Remaining Amortization Period	17 Years
Asset Valuation Method	Five-Year Smoothed Market
Return on Investments	6.75%
Inflation	2.50%
Salary Increases	4.00% to 11.02%
Payroll Growth	3.25%
Mortality	RP-14 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate

(See independent auditor's report.)

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.49%	(0.41%)	6.07%	12.09%	(4.88%)

Notes to Required Supplementary Information

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

(See independent auditor's report.)

SUPPLEMENTAL DATA

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

SCHEDULE OF DEPOSITS AND INVESTMENTS

December 31, 2018

	Par	Maturity Date	Interest Rate	Carrying and Fair Value
DEPOSITS				
Harris Bank				
First National Bank				
Account Numbers 317-784-7 and 70-013-4		Open	0.00% - 0.05%	\$ 549,035
Total Deposits				<u>549,035</u>
INVESTMENTS				
Held for Safekeeping by				
U.S. Bank				
U.S. Treasury Note	\$ 250,000	02/15/24	2.750%	252,675
U.S. Treasury Note	580,000	01/31/22	1.500%	563,441
U.S. Treasury Note	260,000	08/15/25	2.000%	250,656
U.S. Treasury Note	365,000	11/15/20	2.625%	365,672
U.S. Treasury Note	290,000	05/15/26	1.625%	270,811
U.S. Treasury Note	167,586	01/15/22	0.125%	162,671
U.S. Treasury Note	545,000	12/31/19	1.125%	536,972
U.S. Treasury Note	430,000	02/15/23	2.000%	421,619
U.S. Treasury Note	470,000	11/15/26	2.000%	448,648
U.S. Treasury Note	124,000	05/15/25	2.125%	120,668
U.S. Treasury Note	240,000	05/15/28	2.875%	243,686
FHLMC Gd	33,851	11/01/44	3.500%	34,005
FHLMC Gd	26,091	07/01/44	4.000%	26,669
FNMA DEB	200,000	06/22/20	1.500%	197,074
Federal Farm Credit Banks	70,000	01/13/20	1.240%	69,096
FNMA DEB	325,000	09/06/24	2.625%	323,869
GNMA Pools	219,053	Various	4.000%-7.750%	234,606
Corporate Bonds	6,840,327	Various	1.700%-5.625%	6,681,709
Municipal Bonds	175,000	Various	2.820%-3.000%	<u>175,768</u>
Total in Safekeeping				<u>11,380,315</u>
Other				
American Europacific Growth Fund		Open		1,483,718
Gateway Fund		Open		786,484
Invesco Fund		Open		258,498
Oakmark		Open		854,430
Pax World Fund		Open		450,670
Principal Midcap Blend Fund		Open		1,068
Principal Midcap Fund Class R 6		Open		1,709,705
Vanguard Growth Index Fund		Open		2,134,605
Vanguard Small Cap Index Fund		Open		417,472
Vanguard Value Index Fund		Open		2,520,505
Vanguard 500 Index Admiral		Open		4,345,986
Federated		Open		297,670
Illinois Funds		Open		75,191
Illinois Metropolitan Investment Convenience Fund		Open		2
First American Government Obligation Fund		Open		<u>744,698</u>
Total Other				<u>16,080,702</u>
Total Safekeeping and Other				<u>27,461,017</u>
TOTAL DEPOSITS AND INVESTMENTS				<u>\$ 28,010,052</u>

(See independent auditor's report.)



REQUEST FOR BOARD ACTION

MEETING DATE: June 11, 2019

DEPARTMENT: Police

SUBJECT: Service Agreement with Duncan Solutions for Automated Ordinance Citation Processing System

EXECUTIVE SUMMARY

During the strategic planning process outsourcing the department's processing and management of local ordinance violations was identified as one component to streamline operations for a planned reduction in records division staffing through attrition. Current in-house ordinance violation processing is time intensive requiring staff to perform redundant data entry tasks across multiple systems. The records division processed 2,020 ordinance violations in 2018. The records division staff has been reduced by one full-time position through a planned retirement.

The police, finance, and community development departments researched three ordinance enforcement processing systems for use village-wide. The Duncan Solutions system meets all of the requirements for outsourcing ordinance violation processing. Duncan Solutions is priced slightly above the lowest cost vendor Darca, but Darca does not meet all of the prerequisites for violation processing. MIS Systems is also priced under Duncan Solutions but charges a higher collection fee and only processes parking tickets on handheld units, not other ordinance violations. Paragraph six in the service agreement with Duncan Solutions is an indemnification clause requiring Board approval. The service agreement terms commence on the effective date and remain in effect for five years.

FINANCIAL IMPACT

The estimated yearly cost for the Duncan Solutions system is \$19,681. The 2019 budget includes \$18,784 for an ordinance citation processing system, based on five months of service after system implementation, the 2019-estimated cost for the system is \$8,200.28. The total 2019 yearly cost of employment for the retired records clerk that will not be replaced is \$78,678.

ATTACHMENTS

1. Vendor Ordinance Process Systems Cost Analysis
2. Duncan Solutions Lake in the Hills Service Agreement

RECOMMENDED MOTION

Motion to approve the Service Agreement with Duncan Solutions for Automated Ordinance Citation Processing System.

SERVICES AGREEMENT

This Goods and Services Agreement, made effective as of the date last written by the signatories having executed this agreement on page 5 below (Effective Date), is made by and between the Village of Lake in the Hills (Client) having a location at 600 Harvest Gate, Lake in the Hills, IL 60156 USA and Professional Account Management, LLC including its subsidiaries, affiliates, subcontractors and representatives (PAM). This Agreement governs all work performed by any affiliate or representative of PAM, such work as described in any document incorporated herein or in any writing amending this Agreement.

WHEREAS, Client intends that PAM manage the processing and collection of Client's parking citation accounts (Accounts) and collection of other evidences of indebtedness (Debts) as may be mutually agreed between the Parties, and PAM intends to manage such Accounts and Debts, and

NOW, THEREFORE, in consideration of the promises and mutual agreements as stated herein, the Parties agree as follows;

1. Term and Entire Agreement. The body of this Agreement and Schedule A and Schedule B and Schedule C (in total, Agreement), incorporated herein by reference and attached, all together represent the entire understanding between the Parties related to the subject matter hereof and any prior agreements, understandings or representations, written or oral and whether expressed or implied, have no effect on this Agreement. This Agreement commences on the Effective Date and terminates five (5) calendar years after Effective Date (Term). This Agreement may be extended by mutual agreement of the Parties (Extension(s)). In the event of any conflict or inconsistency within this Agreement, precedence is given in the following order: (a) The body of this Agreement, then (b) Schedule A – Pricing Summary, then (c) Schedule B - Processing Services and Schedule C – Collection Services shall be of equal effect, then Schedule D –On-street Parking Enforcement, Citation Management and Secondary Collections Solution Summary.
2. Modification and Waiver. This Agreement may only be modified in writing signed by duly authorized representatives of both Parties. The failure of either Party to insist upon or enforce performance under this Agreement, or the failure to exercise any right or privilege herein conferred, is not a waiver of any such covenant, conditions, rights, or privileges.
3. Statements, Invoices and Payments. PAM shall provide monthly statement(s) itemizing information related to Accounts and Debts. PAM shall invoice Client at least monthly or as otherwise described in the relevant Schedule. Payment by Client of any PAM invoice is due net thirty (30) days from receipt of invoice. PAM reserves the right to add one and one-half percent (1.5%) interest, or the maximum allowed by law, per month to invoices past due by ten (15) days or greater.
4. Confidential Information. Unless publicly available, all business and technical information including but not limited to trade secrets, know-how, show-how, proprietary data, programs documents, studies, reports or data provided or exposed under this Agreement will be kept as confidential proprietary information (Confidential Information) of the Party disclosing the Confidential Information and will not be divulged or made available to any individual or organization without the prior written approval of the original disclosing party. This paragraph shall not prevent either party from disclosing Confidential Information when required by rule or law (e.g. court order or public records request), although the parties agree to give notice to the original disclosing party and a reasonable opportunity to intervene or redact information, if applicable and as legally permissible.

Patents, Trademarks, Copyrights, Ownership. All intellectual property, including, but not limited to, inventions, plans, works, mask works, trademarks, service marks and trade secrets, software, and firmware (collectively, Works) invented, developed, created or discovered in the performance of this Agreement are the property of the Party that so invented, developed, created or discovered such Works. Client acknowledges and agrees that all Works and other intellectual property of PAM remains the sole property of PAM. Client acknowledges and agrees that it shall not sell, license, lease, rent, dispose, or otherwise use any part of the Works for any purpose other than the purpose contemplated under this Agreement without the express written permission of PAM. Nothing in

SERVICES AGREEMENT

this Agreement requires either Party to further purchase or provide products or services. PAM hereby grants Client a non-sublicensable, non-exclusive, non-transferable license to use PAM's intellectual property subject to and consistent with the terms of this Agreement and the RFP. Such intellectual property shall be used by Client consistent with any documentation and reasonable operating standards.

5. Relationship of the Parties. PAM agrees and understands that services performed under this Agreement are performed as an independent contractor and not as an employee of Client and that PAM acquires none of the rights, privileges, powers or advantages of Client employees. PAM's relationship to Client in the performance of this Agreement is that of an independent contractor. Performance under this Agreement will at all times be under the direction and control of PAM. PAM shall pay all wages and salaries and shall be responsible for all reports and obligations relating to social security, income tax withholding, unemployment compensation and worker's compensation. This Agreement does not create any relationship of agency, partnership or joint venture between the Parties. Nothing in this Agreement gives any Party the right to use any corporate names, trademarks or trade names of any other Party. No license under any patents, copyrights, trademarks, mask works, trade secrets or other intellectual property of PAM is granted or implied unless expressed in writing. Client and PAM may each be referred to individually herein as Party or collectively as Parties.
6. Indemnification. PAM agrees to indemnify, defend and hold harmless the Client, its agents, officers, employees, affiliates and representatives from and against any and all allegations, demands, losses, obligations, liabilities, penalties, actual or threatened claims, suits or actions (including but not limited to workers' compensation claims), and reasonable costs and expenses (including all court costs and attorneys' fees) which arise out of or relate to: (i) PAM's breach of this Agreement, (ii) any negligent act, error or omission of PAM, or intentional misconduct, or (iii) any infringement or misappropriation claim based upon the Client's authorized and proper use of PAM intellectual property.

Client agrees to indemnify, defend and hold harmless PAM, its agents, officers, employees, affiliates and representatives from and against any and all allegations, demands, losses, obligations, liabilities, penalties, actual or threatened claims, suits or actions (including but not limited to workers' compensation claims), and reasonable costs and expenses (including all court costs and attorneys' fees) which arise out of or relate to: Client's negligent act, error or omission, or intentional misconduct.

7. Limitation of Liability and Disclaimer. UNLESS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT, AND WHETHER OR NOT THE PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY, IN CONTRACT, TORT (INCLUDING BUT NOT LIMITED TO WARRANTY, NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE FOR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL LOSS OR DAMAGES, LOSS OF REVENUE, LOST PROFITS, BUSINESS OR GOODWILL.
8. Compliance with Laws. Parties shall ensure full compliance with federal, state and local laws, regulations, directives, ordinances and executive orders applicable to the performance of this Agreement.
9. Audit and Records.
 - a. PAM agrees that Client, or any of its duly authorized representatives may, at any time during normal business hours and upon reasonable notice to PAM, have access to and the right to examine and audit books, documents, papers, records, and other items that relate to accounting and performance under this Agreement.
 - b. PAM shall maintain these records for a period of three (3) years from the date of any termination of this Agreement. The inspection requirements of this section shall survive any termination of the Agreement by no less than three (3) years.
 - c. Client shall maintain and control a bank account (Client Account) for purposes of deposit of funds collected by PAM in performance of this Agreement.

SERVICES AGREEMENT

- d. At least monthly, Client shall audit records related to the deposit of funds by PAM into Client Account and reconcile such records with deposit data provided by PAM. Client shall report any variance to PAM within sixty (60) calendar days after the closing date of the record that includes the alleged variance.
 - e. Client shall provide all records and documents related to any variance, as requested by PAM, including without limitation; (1) bank deposit slips, (2) cumulative financial reports, and (3) account-related communications
 - f. Client acknowledges and agrees that PAM is not be responsible for variances caused in whole or in part by Client, any financial institution, vandalism, theft, force majeure events or variances not reported as required under this section.
10. Severability. If any provision in this Agreement, or the application thereof to any person or circumstance is determined by any competent court to be held invalid, illegal, or unenforceable, that determination shall not affect the validity, legality, or enforceability of the remainder of this Agreement, unless that effect is made impossible by the absence of the omitted provision.
11. Assignment. This Agreement is for the sole use of Client and cannot be used by or for any other entity without prior written approval by PAM. Any assignment is null and void without the advance written consent of the non-assigning Party.
12. No Third-Party Beneficiaries. The Parties specifically intend and agree that no one other than the Parties to this Agreement, except either Parties subsidiaries, affiliates, successors or any controlling parent, whether now existing or hereafter resulting from a merger, acquisition, or restructuring of the Party, is or shall be deemed to be a third-party beneficiary of any of the rights or obligations set forth in this Agreement.
13. Insurance. During the Term, PAM will maintain such Bodily Injury, Liability and Property Damage Liability Insurance as is reasonably protective in performance of this Agreement as identified directly below. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amount reasonably specified by Client.
- 13.1 Commercial General Liability Insurance. PAM will maintain Commercial General Liability including but not limited to Premises & Operations, Products/Completed Operations, Contractual, Broad Form Property Damage, and Personal Injury with a combined single limit of not less than one million US dollars (\$1,000,000) per occurrence and Two Million US Dollars (\$2,000,000) general aggregate. The general aggregate must apply per location and per project individually and together.
- 13.2 Business Automobile Liability Insurance. PAM will maintain Automobile Liability endorsed for all owned, non-owned, borrowed, leased, and hired vehicles with a combined single limit of at least one million US dollars (\$1,000,000) each accident.
- 13.3 Worker's Compensation. PAM will maintain a program of worker's compensation insurance in an amount and form that complies with all applicable requirements of the State where the work is being performed, including employer's liability with a five hundred thousand US dollar (\$500,000) limit, covering all persons performing work on behalf of PAM and all risks to such persons under this Agreement. Self-insurance is satisfactory provided PAM is in compliance with all State or Client filings and approvals.
- 13.4 Property Insurance. PAM will maintain Property Insurance against all risks of physical loss or damage to property in Subcontractor's care, custody, or control and covering not less than the full replacement cost of any property at risk.
- 13.5 Professional Liability Insurance. PAM will maintain Professional Liability Insurance that will cover acts, errors, or omissions and breach or disclosure of personal information by the Subcontractor in the amount of two million US dollars (\$2,000,000) per claim, with an annual aggregate of at least four million US dollars (\$4,000,000), inclusive of legal defense costs.

SERVICES AGREEMENT

14. Sub-contracting. PAM is authorized to engage subcontractors at PAM's sole expense. PAM shall notify Client of the name, address, and other information reasonably requested regarding any proposed subcontractor, in advance of use of such subcontractor. Client shall respond in writing within five (5) business days of PAM's request for approval. Approvals under this section will not be unreasonably withheld by Client.
15. 17. Arbitration. Any controversy arising out of or related to this Agreement or the breach thereof shall be settled by arbitration in accordance with the Rules of the Arbitration Service of Oregon, Inc.. Another location for arbitration may be chosen if mutually agreed by the Parties. The consideration given by the Parties herein is deemed consideration adequate to support this Agreement for arbitration. A judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof in accordance with Oregon law except as otherwise provided herein. The arbitrators shall have all powers of a court of law in the relevant jurisdiction. Such powers shall include but shall not be limited to: (a) the power to issue temporary restraining orders and injunctions; (b) the power to award damages; (c) the power to issue subpoenas; and (d) the power to issues all orders and to take all actions necessary to enforce their jurisdictions as provided by law. The identity of the arbitrator shall be agreed upon by the Parties. An award in arbitration shall be final and binding upon the Parties and enforceable under law. The prevailing Party in any arbitration proceeding herein shall be awarded its costs and expensed including reasonable attorney fees. For purposes of this contract, a "prevailing party" shall be the party awarded any non-monetary relief sought or more than fifty percent (50%) of the monetary damages sought.
16. Licenses and Certificates of Authority. During the Term and any Extension, PAM will maintain all licenses and certificates of authority required by law.
17. Termination for Cause and Notice. This Agreement may not be terminated by Client for convenience during the Term. This Agreement may be terminated for cause during the Term; "cause" is defined as a material breach that is not cured within a reasonable and expeditious period of time, generally not to exceed thirty (30) days, after a reasonably detailed written notice of breach has been provided to the breaching party. Client may terminate for cause or convenience during any Extension. Any notice of termination for convenience must be provided in writing a minimum of thirty (30) days in advance of the effective termination date and must state reasons for termination. In the event of termination of this Agreement, PAM will provide a final invoice and Client shall pay all outstanding amounts as herein described.

Except as otherwise expressly provided herein, any notice required or desired to be served, given or delivered hereunder will be in writing and deemed delivered (1) business day after delivery by a reputable overnight delivery service; or upon delivery by courier or in person to the following addresses:

To PAM: Professional Accounts Management - Contracts
633 West Wisconsin Avenue Suite 1600 Milwaukee, Wisconsin 53203

To Client: Village of Lake in the Hills
600 Harvest Gate, Lake in the Hills, Illinois, 60156

18. Applicable Law. This Agreement is construed and will be enforced under the laws and in the courts of the State of Oregon without consideration to any conflicts of laws principles.
19. Authorization. Representatives signing below warrant that they are duly authorized by their respective Parties to execute this Agreement.

SERVICES AGREEMENT

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date last written below;

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

PROFESSIONAL ACCOUNT MANAGEMENT, LLC

Signature _____

Signature _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

SERVICES AGREEMENT

SCHEDULE A – PRICING SUMMARY

Citation Management Solution

Citation Processing Services			
Description	Price	Unit	Includes
Parking Management Software	\$3.50	Per citation issued	Full citation processing software suite configuration, training, implementation, hosting, and ongoing support
Web/IVR Payment Convenience Fee (Paid by Motorist)	\$2.95	per citation paid via web or IVR systems	Hosted payment website and IVR systems as described in the table above
Delinquent Letters	\$0.99	Per letter sent	8.5 x 11" double-side notice and envelope setup, production, and mailing. This price includes a pre-addressed return envelope and the price of postage

Delinquent Special Collections			
Description	Price	Unit	Includes
Special Collection Fee	25.00%	of revenue collected	<p>A full-service secondary collections process following after assignment to collection agency (90 days)</p> <ul style="list-style-type: none"> • Notice generation • Target population analysis • Effectiveness reports • Skiptracing • No name and address research • Outbound Calling
Delinquent Letters	\$0.99	Per letter sent	8.5 x 11" double-side notice and envelope setup, production, and mailing. This price includes a pre-addressed return envelope and the price of postage

SERVICES AGREEMENT

Enforcement Equipment

Parking Enforcement Equipment				
Description		Price	Units	Includes
	Two Technologies N5Z1 Print	\$175 per unit per month	5	<ul style="list-style-type: none"> • Samsung Note 5, 4G LTE, 5.7-inch QHD (2560x1440, 518 ppi) Super AMOLED, Android OS, SIM Card Not Activated, Multitouch Capacitive Touchscreen, Wi-Fi 802.11 a/b/g/n/ac, Internal Memory: 4GB RAM, Standard 32GB Storage, (Not Accessible, Contact Your Sales Person for Pricing on Additional Memory), 16MP Camera with LED Flash, A-GPS Support, IP65 Rated, Bluetooth v4.2, 1D/2D Barcode Imaging Utility, 4 Distinct Hot Keys, Integrated 3" Thermal Printer • Single Position N-Class Dock. Dual Drop-in Cradle/Battery Charger (Includes Power Supply, Cable) • Three Year Extended Warranty - N5Z1-PRINT • Project Management & Configuration (Implementation Methodology and Approach) • Training and Installation (1 days on site, 1 days back office installation). • N5Z1-PRINT Carrying Case • Includes AutoISSUE Software Maintenance, AutoISSUE Hosting, Real-time Interface Integrations, Extended Hours Support Desk Services, PEMS Hosting, Disaster Recovery, and AirWatch Remote Management Subscription.

SERVICES AGREEMENT

Terms and Conditions

1. The Village will be responsible for all postage costs associated with the mailing of Village notices mailed prior to assignment to special collections. Vendor is responsible for postage costs following assignment to special collections.
2. All post-implementation changes or enhancements requested by the Village will be performed by Duncan on a time and materials basis. The billing rates to be used will be the rates in place when the work is completed. All requests for systems changes and/or enhancements will be submitted in writing by the Village, from which Duncan will furnish an estimate.
3. Consumables, including ticket stock, receipt paper, printer ink cartridges and toner will be provided by, or purchased by, the Village.
4. The above pricing is based on a five (5) year contract term. In the event the Village requests a different term or an alternate structure, we will also need to evaluate impact on the prices contained herein.
5. Though not required, if the Village would like to enable the wireless SIM cards in the proposed enforcement devices allowing for real-time data transmissions, wireless services must either be provided by the Village using its preferred carrier or the services will be provided by Duncan and the costs for which passed-through to the Village.

SERVICES AGREEMENT

SCHEDULE B - PROCESSING SERVICES

1. Referral and Reconciliation. PAM shall receive and process parking citations that Client mails or otherwise delivers to it. Client shall deliver, mail, or transmit all parking citations on a daily basis. PAM will provide a daily reconciliation of the number of citations delivered by Client.
2. Computer Programs and Hardware. PAM will provide all software, written procedures and other supporting items required in performance of this Agreement. PAM shall be responsible for the warranty and maintenance of all hardware and software including AutoPROCESS. Client is responsible for any damage, loss, and/or theft of any/all computer hardware, software, and/or equipment used by Client at Client's location. Client will provide insurance coverage for such equipment as described herein.
3. Base Processing. Notice of illegal parking or violation (collectively, Citations) issued by Client, whether through AutoPROCESS or manually, will be entered into PAM's system and cleared upon payment or other disposition.
 - a. Requests for Registered Owner information will be sent to the appropriate Departments of Motor Vehicles (DMV).
 - b. Delinquent notices, as required, will be generated and mailed by PAM to the Registered Owner including the penalty or fine amount. Payments by mail will be made directly to PAM.
 - c. DMV registration liens will be placed on vehicles having unpaid fines and fees in compliance with the Oregon Vehicle Code and other applicable state and local laws. DMV liens shall be removed through DMV when the entire amount of parking citation fines, fees, and penalties due against the vehicle are satisfied. No extra processing charge will be made for a citation not correctly processed and subsequently corrected and re-entered into the database.
4. Suspension of Processing. PAM shall suspend processing any citation referred to it upon written notice to do so by Client. PAM shall maintain records indicating any suspension result.
5. Computer System. PAM will provide Client with internet inquiry capability at the Client location for retrieval of parking citation information. Three (3) user licenses will be installed at the Client location. Client is responsible for all internet connection or other related costs.
6. Collection and Deposit of Funds. At the direction of Client, PAM shall collect and deposit monies received for the payment of parking citation fines and fees into a parking account with a financial institution local to and in the name of Client. Costs related to such account are the sole responsibility of Client.
7. Collection Disbursement. PAM shall disburse to Client on a monthly basis, all monies on deposit from the payment of parking citation fines and fees. Disbursement will be made after the close of the processing month beginning the month following the Agreement date.
8. IVR and Internet Payments. PAM shall provide the public with the ability to pay parking citations using an accepted credit card via an Interactive Voice Response (IVR) system or the internet. The cost for these services, including credit card discount fees, will be recovered by PAM in the form of a convenience fee assessed to the violator for each citation paid.

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SERVICES AGREEMENT

SCHEDULE C – COLLECTIONS SERVICES

1. Performance by Client

- 1.1. Authority to Collect. Client hereby authorizes PAM to use any legal means necessary to collect Debts placed with PAM by Client.
- 1.2. Ownership of Debts. Client maintains ownership of all Debts placed with PAM for collection under this Agreement. Client maintains all legal right and title to Debts unless otherwise agreed in writing between the Parties.
- 1.3. Duty to Provide Information. Client agrees to provide PAM with all information obtained regarding each Debt placed with PAM under this Agreement. It is the obligation of Client to provide PAM with all information that may prohibit or delay the collection of the Debt or in any way impact the ability of PAM to collect the Debt, including but not limited to bankruptcy, death, legal disability or other potential or actual defenses, including statute of limitations defense.
- 1.4. Warranties. Client warrants that, to the best of Client's knowledge, the Debts placed with PAM have been reviewed by Client in accordance with this Agreement prior to transfer to PAM, and that the balances reported to PAM are true and accurate, that all obligors on Debts have been disclosed and that all disputes and defenses of debtors have been reported to PAM.
- 1.5. Notice of Dispute. Client will inform the PAM in writing, or by such other means as the Parties may expressly mutually agree from time to time, of any Debts subject to this Agreement that have been or are in dispute. Disputes under this provision include oral and written indications and statements by the debtor or any third party that the Debt is in dispute, and includes but is not limited to a request for validation of the Debt. If such dispute is made in writing by debtor, Client will notify PAM of the date of the writing and provide PAM with the original written dispute or a copy thereof.
- 1.6. Continuing Obligation. Client will continue to provide the most current version of the information required under this Agreement throughout the Term and any Extension.
- 1.7. Authorization to Receive and Endorse Payments. Client authorizes and appoints PAM to collect and receive all payments due or payable to Client for Debts placed with PAM. PAM has authority to receive payments in any form including but not limited to cash, check, money order, or electronic payment and has authority to endorse all such payments as may be required.
- 1.8. Authorization to Investigate. Client expressly authorizes PAM to perform investigative services related to ordinary debt collection activities.

2. Performance by PAM

- 2.1. Agreement to Collect. PAM agrees to provide debt collection services to Client in compliance with all applicable laws, regulations, licensing and bonding requirements.
- 2.2. Documentation of Accounts/Financial Reporting. PAM will provide monthly, detailed reports of collection activity related to Debts. The reports include the principal amount of the Debt; amounts collected to date including any allowable fees, costs and interest; dispute information, requests for validation by debtor; agreements by the debtor regarding future payments, bankruptcy, death or legal disability of the debtor, amount of commission retained by PAM, amount remitted to the Client and amount remitted to others under this Agreement.
- 2.3. Insurance and Bond Coverage. PAM will maintain at least the minimum level of insurance and bond coverage required by ACA or state law, whichever is greater, in all jurisdictions in which engaged in collection activity under this Agreement.
- 2.4. Trust Account. PAM warrants that it will maintain a trust account as required by state law while PAM is engaged in collection activity under this Agreement.
- 2.5. Methods and Compliance. PAM uses ordinary and reasonable collection efforts as permitted by law and will at all times comply with the Fair Debt Collection Practices Act (FDCPA), the Fair Credit Reporting Act (FCRA) and all applicable state, federal and local laws and regulations applicable to collections under this Agreement.

SERVICES AGREEMENT

3. Legal Process. Client reserves sole right and authority to place Debts in litigation, including Debts subject to a forwarding agreement. Client may authorize PAM in writing to retain an attorney and commence litigation on behalf of Client, subject to separate terms and conditions mutually agreed in writing between the Parties. At no time, nor in any case, does PAM accept any responsibility or liability for any expenses, fees, or damages or any costs or liability related to legal process or use of an attorney to collect Debts.
4. Cost and Fees
 - 4.1. Collection Fee. The cost of collection services described in this Agreement is percentage-based contingent on Debts collected. A Debt placed for collection with PAM or with an attorney to obtain judgment or otherwise satisfy payment of the Debt is subject to a fee of 25% of the amount actually collected (Collection Contingency Fee) by PAM. The Collection Fee is in addition to any and all other costs including but not limited to court costs, sheriff's fees, interest, late fees, investigatory fees, or other costs incurred directly or indirectly by PAM in collection of amounts owed under this Agreement.
 - 4.2. Interest and Fees on Debts. Client hereby authorizes PAM to add interest, civil penalties, litigation and legal process fees, court costs, attorney fees and other such expenses relating to the collection of Debts as provided by law or debtor contract and to collect this amount from the debtor. Such amounts are considered part of the total original amount placed for collection.
 - 4.3. Remittance. Amounts due Client based on one (1) calendar month of collections will be remitted to Client by the fifteenth (15th) day of the following month. PAM will provide a report of collection activities to Client, up to and including the date of any expiration or termination of this Agreement within thirty (30) calendar days of expiration or termination.
 - 4.4. Reimbursement and Set off. Any fees, costs or expenses incurred by PAM in the course of collection of Debts will be set off against amounts due Client for Debts collected. Should funds collected be insufficient for payment in full through set off, Client understands and acknowledges that PAM will invoice Client for all such costs and expenses.
5. NSF and Disputed Payments. In the event that any Debts reported to Client as paid are subsequently returned NSF or reversed as disputed, PAM will reverse the amount of such Debt payment and all fees taken on such payment from the current month's billing statement.
6. Authorization To Forward Accounts. PAM may forward any of Client's Debts to another collection agency if the debtor has moved out of the general business area of PAM, and such other collection agency shall have authority to exercise all ordinary and reasonable collection efforts as permitted by law, and shall remit any payments made to PAM less agreed commissions, and PAM shall then remit to Client less any agreed commissions.
7. Right To Withdraw Accounts or Termination. Client may request the return of any Debts not yet collected provided thirty (30) calendar days advance written notice (Notification Period). PAM agrees to return Debts not collected by the end of the Notification Period along with appropriate financial records of the Debts including amounts collected, commission retained, additional fees, interest and charges added, and a detailed statement of expenses incurred by PAM on behalf of Client. In the event of termination of this Schedule or the Agreement, the Client will pay all amounts due under this Agreement on Debts that have been collected through the end of PAM's business day on the date of termination.
8. Assignment and Process. PAM will accept assignment of Debts in accordance with the following business rules;
 - 8.1. Have reached delinquent status
 - 8.2. where first notice mailed
 - 8.3. all penalties applied
9. Collection Letters. PAM will propose collection letters to Client for review, edit and approval. Collection letter types may include Notice of Assignment to Collection Agency, Demand for Payment, Pending DMV Hold and Pending Tax Offset (where applicable).
10. Skip Tracing. PAM will provide skip trace services where required to locate violators a current address for all Debts.
11. Customer Service. PAM will provide a toll-free Customer Service number listed on all correspondence for violators to contact PAM for any reason.

SERVICES AGREEMENT

12. Debtor Dispute Resolution. PAM will provide dispute resolution services, in accordance with business rules established by Client, to review violator claims of non-liability and forward accounts to Client where PAM has determined a valid reason for dismissal. Client, at its sole discretion, will make final decisions on such matters and update the AutoPROCESS System to reflect such decision.
13. Lockbox Remittance Processing. All PAM Collection letters include a return remittance envelope addressed to PAM's remittance processing center. PAM will provide lockbox remittance processing of all payments and update the AutoPROCESS System on a daily basis.
14. Bank Account. PAM will maintain a bank account in the name of PAM and Client (Bank) for deposit of all revenue received directly from lockbox, internet and IVR payment sites. The Bank will be available for inspection at any time by Client through on-line access.

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Schedule D begins on the following page



REQUEST FOR BOARD ACTION

MEETING DATE: June 11, 2019

DEPARTMENT: Public Works

SUBJECT: Ordinance Authorizing the Disposal of Surplus Property

EXECUTIVE SUMMARY

The Illinois Municipal Code requires adoption of an Ordinance to dispose of surplus property. The Village property listed in Exhibit A is no longer necessary or useful to the Village. In order to allow for disposal or sale, the attached Ordinance declares the property as surplus. The Ordinance authorizes the Village Administrator authority to determine the appropriate means of disposal. Staff will sell items with value and dispose of other items appropriately.

FINANCIAL IMPACT

Any money received from the disposal of these items will be returned to the appropriate fund.

ATTACHMENTS

1. Proposed Ordinance
2. Exhibit A

RECOMMENDED MOTION

Motion to adopt the ordinance declaring Village property as surplus.

VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2019-_____

**An Ordinance Authorizing the Disposal of Surplus Property
Owned by the Village of Lake in the Hills**

WHEREAS, the Village of Lake in the Hills, McHenry County, Illinois, is a home rule municipality as contemplated under Article VII, Section 6, of the Constitution of the State of Illinois, and the passage of this Ordinance constitutes an exercise of the Village's home rule powers and functions as granted in the Constitution of the State of Illinois.

WHEREAS, the Village of Lake in the Hills is authorized to sell or otherwise dispose of personal property pursuant to Section 11-76-4 of the Illinois Municipal Code, 65 ILCS 5/11-76-4; and

WHEREAS, in the opinion of the President and Board of Trustees, it is no longer necessary, useful, or for the best interests of the Village to retain the property now owned by it and described in Exhibit A, attached hereto and by this reference incorporated herein and made a part hereof (the "Surplus Property");

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Lake in the Hills, McHenry County, Illinois, as follows:

SECTION 1: Recitals. The foregoing recitals are hereby incorporated into this ordinance as finding of the President and Board of Trustees.

SECTION 2: Declaration of Surplus Property. The President and Board of Trustees hereby find and determine that the surplus property is no longer necessary or useful to the Village and the best interests of the Village will be served by its sale or disposal.

SECTION 3: Authorization to sell or otherwise dispose of surplus property. The Village Administrator is hereby authorized to sell or otherwise dispose of the surplus property in such a manner as the Village Administrator shall determine is in the best interest of the Village.

SECTION 4: Effective Date. This ordinance shall be in full force and effect from and after its passage, approval, and publication in pamphlet for in the manner provided by law.

Passed this 13th day of June, 2019 by roll call vote as follows:

	Ayes	Nays	Absent	Abstain
Trustee Stephen Harlfinger	_____	_____	_____	_____
Trustee Ray Bogdanowski	_____	_____	_____	_____
Trustee Bob Huckins	_____	_____	_____	_____
Trustee Bill Dustin	_____	_____	_____	_____
Trustee Suzette Bojarski	_____	_____	_____	_____
Trustee Diane Murphy	_____	_____	_____	_____
President Russ Ruzanski	_____	_____	_____	_____

APPROVED THIS 13TH DAY OF JUNE, 2019

Village President, Russ Ruzanski

(SEAL)





ATTEST: _____
Village Clerk, Cecilia Carman

Published: _____







Village of Lake in the Hills Surplus List
Exhibit A

June 13, 2019

	Quantity	Item Description	Identification Number
1.	1	Cardia Science AED G3 	SERIAL#4105098
2.	3	Chevrolet Steel Wheels 17 x 7.5 	N/A
3.	1	1997 John Deere 1200A Bunker/Field Rake 	VIN#M01200A926543 

4.	1	<p>1997 John Deere 1200A Bunker/Field Rake</p> 	<p>VIN#M011200A929078</p> 
5.	1	<p>2012 Chevrolet Tahoe / Fold Down Center Seat</p> 	<p>N/A</p>
6.	3	<p>Light Bars</p> 	<p>N/A</p>

7.	1	<p data-bbox="565 323 824 357">Stihl Brand Pole Saw</p> 	<p data-bbox="1182 323 1458 357">Serial #41387166501</p>
8.	1	<p data-bbox="456 785 938 819">Coats 5065ax Rim Clamp Tire Machine</p> 	<p data-bbox="1192 785 1448 819">Serial #0601104958</p>
9.	1	<p data-bbox="537 1247 857 1281">2003 Chevy 2500 Pick Up</p> 	<p data-bbox="1146 1247 1495 1281">VIN#1GCHK24113E171102</p> <p data-bbox="1208 1289 1433 1323">Mileage - 132,625</p> 

9.

2003 Chevy 2500 Pick Up



10.

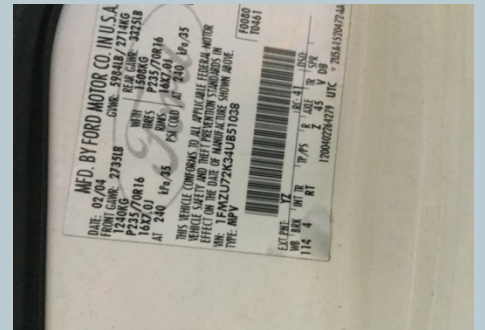
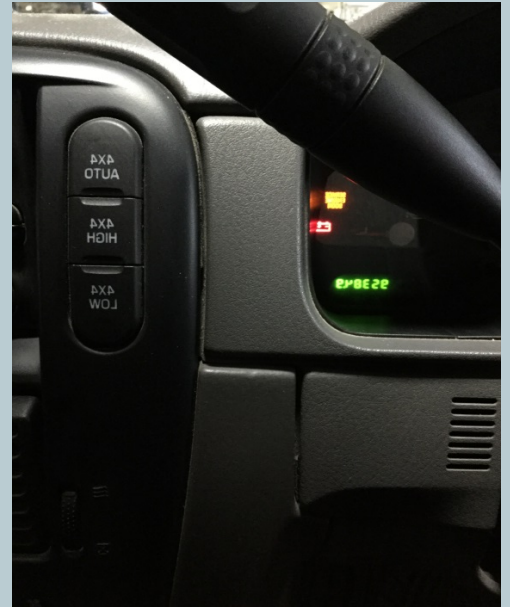
1

2004 Ford Explorer



VIN#1FMZU72K34UB51038

Mileage - 95,384



11.

1

1998 Case 1845C skid-steer



VIN#JAF025277
Hours - 2339



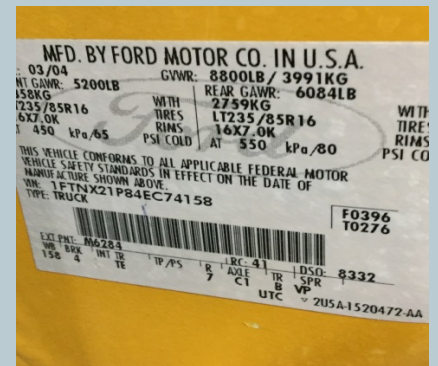
12.

1

2004 Ford F-250 Pick Up



VIN#1FTNX21P84EC74158
Mileage - 110,143



13.

1

2008 Ford F-550 Dump Truck



VIN#1FDAF7R98EB30681
Mileage - 75,183



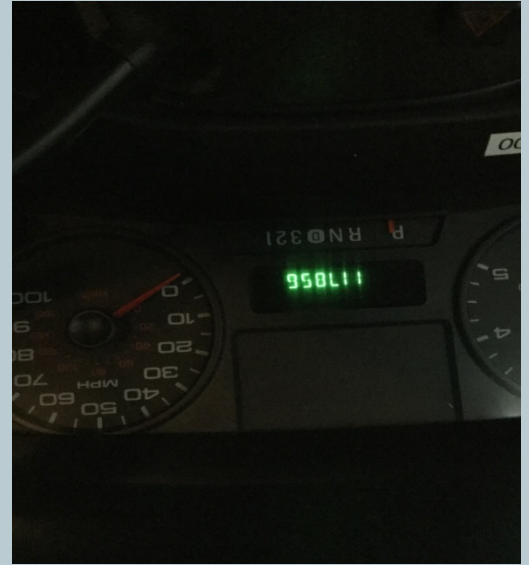
14.

1

2006 Ford F-350 Pick Up



VIN#1FTWW31P46EA14808
Mileage - 117,856



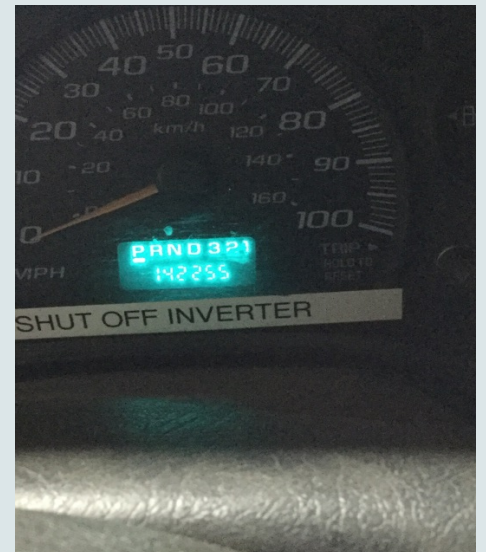
15.

1

2003 Chevy Cargo Express Van



VIN#1GCEG15X731224233
Mileage - 142,255



15.

2003 Chevy Cargo Express Van



16.

1

2005 Ford Crown Vic



VIN#2FAFP71W85X177945
Mileage - 101,877

17.

1

2012 Chevy Tahoe



VIN#1GNLC2E08CR252031
Mileage - 150,382

18.

1

Nevco Brand Model#1030 Illuminated Baseball Field
Scoreboard



Scoreboard Dimensions:
18' long x 8' tall x 6" deep

Sponsor Panel Dimensions:
18' long x 23" tall x 1.5" deep



19.

1

2012 Chevy Tahoe



VIN#1GNLC2E03CR247755
Mileage - 155,918

20.

1

Backhoe Attachment



Model: D100XR

21.

1

1990 Kubota L2850 Tractor



VIN#L2580-80465
Hours - Approx. 2,550

22.

1

Illuminated informational sign/marquee



Dimensions: 8 ft wide x 6 ft tall x 22 inches deep



REQUEST FOR BOARD ACTION

MEETING DATE: June 11, 2019

DEPARTMENT: Community Services

SUBJECT: Ad hoc Committee on Sign Ordinance Changes

EXECUTIVE SUMMARY

Over the past few months, the Village Board has discussed changes to the sign section of the Village's Zoning Ordinance. It was proposed to establish an ad hoc committee to address these issues.

The Sign Ordinance affects both businesses and residents, but is heavily weighted toward regulation of businesses due to their needs. The current version does not take into account current technology and is sometimes difficult to administer.

Staff recommends the Village Board establish who will make up the committee and how leadership will be established. Staff also recommends the following purposes to guide the work of the committee.

- Make the regulations business friendly
- Bring performance standards up-to-date
- Make improvements to ease administration of the regulations for both the applicants and staff

FINANCIAL IMPACT

None

ATTACHMENTS

1. None

RECOMMENDED MOTION

Motion to establish the purpose, composition, and approve formation of an ad hoc committee to propose changes to the Village's sign ordinance.