



PUBLIC MEETING NOTICE AND AGENDA
COMMITTEE OF THE WHOLE MEETING

MAY 21, 2024
7:30 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. The public comment may be no longer than 3 minutes in duration.
4. Staff Presentations
 - A. Administration
 1. Establishment of a Human Resources Generalist Position
 - B. Finance
 1. Ordinance approving a Collection Services Agreement with Municipal Collections of America, Inc
 2. Supplemental Financial Reports for the Fiscal Year Ended December 31, 2022
 3. Agreement with GW & Associates, PC for Auditing Services for Fiscal Year Ended December 31, 2023
 - C. Public Works
 1. Award a contract for Thermoplastic Road Striping
 2. Ordinance approving a Ground Lease for PAP-45
 3. Agreement with the Federal Aviation Administration for Flight Inspection
5. Board of Trustees
6. Village President
7. 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) 960-7400 [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: May 21, 2024

DEPARTMENT: Administration

SUBJECT: Establishment of a Human Resources Generalist Position

EXECUTIVE SUMMARY

Staff is seeking approval from the Village Board to convert the Human Resources Manager position to a Human Resources Generalist position within the Administration Department. The Village has recently experienced a lack of stability in the Human Resources ("HR") Manager position and staff has carefully considered how best to strengthen the division through an alternative staffing model.

Currently, the division structure supports one (1) full-time HR Manager and one (1) part-time HR Coordinator. The HR Coordinator reports to the HR Manager, who then reports to the Assistant Village Administrator. A description of common HR positions has been included below:

- Human Resources Coordinator - efforts are focused on a single area, such as benefits, wellness, or recruitments, etc. Help in areas as needed.
- Human Resources Generalist - broader focus of knowledge and expertise across all day-to-day HR functions.
- Human Resources Manager - similar to generalist, in that they must have a broad knowledge of all HR functions, but has elevated responsibilities either with staffing, functionality, or assigned projects.
- Human Resources Director - Department Head level HR expertise with oversight of direct reports who perform the day-to-day functions.

Staff researched the HR structure of our comparable communities and found consistency in that most communities have a full-time HR Generalist who perform the day-to-day functions of the department. This position directly reports to a Department Head, which varies between an HR Director, or more commonly, the Assistant Village Administrator. Only one other community had an active HR manager in place.

Recruitment for an HR Manager position has been a real challenge, as the role and salary are less attractive to individuals who may otherwise be targeting Director positions. Over the past two years, this position has been recruited for three separate times, with candidate pools of 20, 29, and 41 candidates, respectively. In those recruitments, we have had little to no municipal applicants. It is anticipated that with an HR Generalist recruitment, the candidate pool will expand and reflect a broader range of skills.

Since August, the Assistant Village Administrator has been heavily involved with a number of organization-wide HR projects. Over the past year, the projects have included the transition to the IPBC, the coordination and rollout of a new employee wellness program, the implementation and deployment of an updated employee evaluation tool, and the coordination of a modified employee benefit open enrollment. With the elimination of the HR Manager position, the Assistant Administrator would retain

responsibility over these types of special projects. This will allow the HR Generalist to focus on the day-to-day execution of functions.

Staff is recommending the creation of the Generalist position, supported with an updated job description, and modification to the 2024 Compensation Schedule.

FINANCIAL IMPACT

The Human Resource Generalist is proposed as a Grade 57 position on the 2024 Compensation Schedule with a defined hiring range between the minimum and midpoint of \$72,960 to \$89,376. The current Human Resources Manager position is a Grade 60 with a starting salary of \$97,110 and a midpoint of \$118,959.

ATTACHMENTS

1. 2024 Compensation Schedule

SUGGESTED DIRECTION

Motion to approve the establishment of a Human Resources Generalist position within the Village of Lake in the Hills, to be added to the Compensation Schedule as a Grade 57 employee.

2024 Compensation Schedule

Pay Grade	Title	2024 Min	2024 Mid	2024 Max
50	Airport Service Technician	\$18.0000	\$22.0500	\$26.1000
		\$37,440	\$45,864	\$54,288
	No Current Positions			
51	Apprentice Mechanic	\$19.8000	\$24.2550	\$28.7100
		\$41,184	\$50,450	\$59,717
52	Office Assistant	\$21.7800	\$26.6805	\$31.5810
		\$45,302	\$55,495	\$65,688
	No Current Positions			
53	Customer Service Specialist	\$23.9580	\$29.3486	\$34.7391
		\$49,833	\$61,045	\$72,257
54	Human Resources Coordinator	\$26.3538	\$32.2834	\$38.2130
		\$54,816	\$67,149	\$79,483
55	Administrative Specialist I	\$28.9892	\$35.5117	\$42.0343
	Administrative Specialist I	\$60,297	\$73,864	\$87,431
	Communications Specialist			
	Fiscal Specialist I			
	Property Maintenance Inspector			
56	Administrative Specialist II	\$31.8881	\$39.0629	\$46.2377
	Administrative Specialist II	\$66,327	\$81,251	\$96,175
	Building Inspector I			
	IT Specialist			
	Fiscal Specialist II			
57	Building Inspector II	\$35.0769	\$42.9692	\$50.8615
	Recreation Supervisor	\$72,960	\$89,376	\$105,792
	Human Resources Generalist			
58	Records Supervisor	\$38.5846	\$47.2661	\$55.9477
	Communications Coordinator	\$80,256	\$98,314	\$116,371
	Accountant			
59	Administrative Services Manager	\$42.4431	\$51.9927	\$61.5424
	Police Social Worker	\$88,282	\$108,145	\$128,008

Pay Grade	Title	2024 Min	2024 Mid	2024 Max
60	Airport Manager	\$46.6874	\$57.1920	\$67.6967
	Human Resources Manager	\$97,110	\$118,959	\$140,809
	Recreation Superintendent			
	Building Commissioner			
	IT Manager			
61	Social Services Director	\$51.3561	\$60.3434	\$69.3307
	Public Properties Superintendent	\$106,821	\$125,514	\$144,208
	Streets Superintendent			
	Water Superintendent			
	Assistant Finance Director			
	Asst Community Development Director			
	Asst Parks and Recreation Director			
62	Deputy Public Works Director	\$56.4917	\$66.3778	\$76.2638
		\$117,503	\$138,066	\$158,629
62PD	Sergeant	\$58.2450	\$68.4379	\$78.6308
		\$121,150	\$142,351	\$163,552
63	Assistant Village Administrator	\$62.1409	\$73.0155	\$83.8902
	Director of Community Development	\$129,253	\$151,872	\$174,492
	Director of Parks and Recreation			
63PD	Commander	\$64.0695	\$75.2817	\$86.4938
		\$133,265	\$156,586	\$179,907
64	Finance Director	\$68.3550	\$80.3171	\$92.2792
	Public Works Director	\$142,178	\$167,060	\$191,941
64PD	Deputy Chief - Patrol Services	\$70.4765	\$82.8098	\$95.1432
	Deputy Chief - Support Services	\$146,591	\$172,244	\$197,898
65	No Positions	\$75.1905	\$88.3488	\$101.5071
		\$156,396	\$183,766	\$211,135
65PD	Chief of Police	\$77.5241	\$91.0908	\$104.6575
		\$161,250	\$189,469	\$217,688
66	Village Administrator	\$82.7095	\$97.1837	\$111.6578
		\$172,036	\$202,142	\$232,248



REQUEST FOR BOARD ACTION

MEETING DATE: May 21, 2024

DEPARTMENT: Finance

SUBJECT: Ordinance Approving a Collection Services Agreement with Municipal Collections of America, Inc.

EXECUTIVE SUMMARY

In conjunction with the implementation of the Village's new ordinance violation software provided by Dacra Tech, LLC, the Village would reap the most benefits from the new system by contracting with a collection agency to assist in collecting overdue violations, fees, penalties, etc.

The Village currently uses the State Comptroller's Local Debt Recovery Program to help collect unpaid debts but that program is only effective if a balance is due to the debtor by the State who would then withhold the amount that is due to the Village and remit those funds after a due process period that allows the debtor to protest the amount. Utilizing the services of a collection agency would be more of a proactive approach to debt collections as they would pursue the debt through phone calls, letters, texts, etc.

Rather than replace the Local Debt Recovery Program with a collection agency, the ideal solution is to utilize both programs so that a delinquent account can be actively managed while also waiting for a potential state payment to be intercepted if the payee owes the Village any funds.

Municipal Collections of America, Inc. (MCOA) is being recommended because they are a well-established firm having been in the industry for over 25 years, they have a working relationship with both Dacra Tech, LLC and the Local Debt Recovery Program, they will actively manage the entire process for the Village's Local Debt Recovery Program other than protests for which the Village will need to be involved, and they will also accept non-ordinance violation and non-ticket related debt such as mowing costs, returned checks, water bills, etc.

MCOA would charge a fee of 25.92% of any amount collected for which the Village has added a cost of collection fee which equates to the Village receiving the entire amount due to it and the collection fee portion being retained by MCOA. For any debts not subject to a cost of collection fee, MCOA would charge a fee of 25% of the amount collected.

FINANCIAL IMPACT

There is no financial impact for accounts subject to the cost of collection fee as the costs of collection are paid by the debtor. For all other accounts, there would be a 25% fee charged but the financial impact is positive as the Village is collecting 75% of what would have otherwise been an uncollectible debt.

ATTACHMENTS

1. Ordinance Approving a Collection Services Agreement with Municipal Collections of America, Inc.

RECOMMENDED MOTION

Motion to approve the Ordinance Approving a Collection Services Agreement with Municipal Collections of America, Inc.

VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2024 - ____

**An Ordinance Approving a Collection Services Agreement
With Municipal Collections Of America, Inc.**

WHEREAS, the Village of Lake in the Hills, McHenry County, Illinois (the "Village"), 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 to regulate for the protection of the public health, safety, morals, and welfare, as granted in the Constitution of the State of Illinois; and

WHEREAS, the Village has identified that it desires to enter into an agreement with Municipal Collections of America, Inc. for certain collection services, as further described in Exhibit A attached hereto and, by this reference, made a part of this Ordinance (the "Agreement"); and

WHEREAS, while the Village inherently possesses certain statutory rights regarding collection services, including *inter alia*, pursuant to 65 ILCS 5/1-2-1, the Village also expressly authorizes this Ordinance, pursuant to its home rule authority, to extend the duration of a contract beyond what is otherwise prescribed by 65 ILCS 5/8-1-7.

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

SECTION 1: The Corporate Authorities find that the statements in the foregoing preambles are true, and the statements are incorporated into, and made a part of, this Ordinance as the findings of the Village President and Board of Trustees.

SECTION 2: The Collection Services Agreement with Municipal Collections of America, Inc., attached hereto as Exhibit A, is hereby approved, and the Village President is authorized to execute the Agreement.

SECTION 3: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any Court of competent jurisdiction to be invalid, such judgment shall not affect, impair, invalidate or nullify the remainder thereof,

which remainder shall remain and continue in full force and effect.

SECTION 4: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 5: This Ordinance shall be in full force and effect upon its approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Passed this 23rd day of May, 2024 by roll call vote as follows:

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

APPROVED THIS 23RD DAY OF MAY, 2024

Village President, Ray Bogdanowski

(SEAL)

ATTEST: _____
Village Clerk, Shannon DuBeau

Published: _____

EXHIBIT A

COLLECTION SERVICES AGREEMENT
Municipal Collections of America, Inc

This COLLECTION SERVICES AGREEMENT, is established this ____ day of _____, 2024 by and between Municipal Collections of America, Inc, (MCOA) an Illinois corporation, and the Village of Lake in the Hills, an Illinois Municipal Corporation (hereinafter referred to as THE VILLAGE).

WHEREAS, MCOA is a duly licensed collection agency in the State of Illinois, and;

WHEREAS, MCOA possesses the personnel, experience, expertise, and equipment to effectively aid THE VILLAGE in collecting the said fines through an effective collection process and;

WHEREAS, THE VILLAGE may wish to list certain other debts with MCOA for collection from time to time and MCOA may wish to accept such claims for collection. MCOA retains the right to reject any debt submitted for collection and will provide explanation for such action if taken.

MCOA and THE VILLAGE do hereby agree as follows:

ARTICLE I

THE VILLAGE agrees that any debts and/or fines listed for collection with MCOA will be collected and administered pursuant to the terms and conditions within this Agreement.

All municipal debts and fines listed for collection will be forwarded to MCOA, using the forms and procedures designated by MCOA.

Upon request of MCOA, THE VILLAGE will provide certified copies of any documentation deemed necessary for use by MCOA in its collection efforts in a timely manner.

MCOA will acknowledge receipt of any violations listed for collection within five days thereof.

ARTICLE II

MCOA agrees to use its best efforts and any lawful means which in its judgment and discretion it believes will result in the collection of the debts/fines which are listed for collections.

ARTICLE III

No fees will be payable to MCOA unless money is collected, at which time MCOA will be paid as follows:

If THE VILLAGE has added a 35% Cost of Collection Fee at delinquency per 65 ILCS 5/1-2-1; MCOA's fee shall be 25.92% of any payment received.

Any debts that are determined to not be eligible for adding-on the Cost of Collection under 65 ILCS 5/1-2-1 will be recovered with MCOA receiving 25% of the proceeds upon recovery.

MCOA's performance of the Local Debt Recovery Program (IDROP) on behalf of THE VILLAGE shall be performed at no additional cost beyond the standard commission detailed above.

ARTICLE IV

Upon THE VILLAGE'S listing of the violation for collection, MCOA shall have the exclusive right to collect the amounts owed there under until such time as it determines the debt is uncollectable or THE VILLAGE requests return of the violation to THE VILLAGE. Any inquiries concerning any debt listed for collections, including attempts to make payment, shall be referred at the earliest possible time to MCOA.

MCOA will deposit any money collected in THE VILLAGE'S separate bank trust account established for that purpose.

After deduction of the fees allowable by this Agreement, MCOA will forward to THE VILLAGE, its share of any amounts collected. Remittance to the VILLAGE will be made by the 15th of the month for any amounts collected by the last day of the preceding month.

In the event that any funds are paid to THE VILLAGE for violations which have been listed for collection, THE VILLAGE will report such collections to MCOA daily for accounting under this Article.

ARTICLE V

THE VILLAGE hereby authorizes MCOA to accept a negotiated settlement on any violations listed for collection. However, unless otherwise authorized by the VILLAGE, any such settlements shall be no less than 100% of the available balance.

Should THE VILLAGE make any settlement or otherwise takes any action in derogation of MCOA's exclusive right to collect on any violation listed for collection, then MCOA shall be entitled to payment in full, as delineated in Article III hereof, based on the full amount of the violation, as listed. Any such payments which may become due may be deducted from the VILLAGE'S next monthly payment from MCOA.

ARTICLE VI

MCOA agrees to defend, indemnify and hold THE VILLAGE harmless against any and all liability, costs and expenses including attorney fees, occasioned by claims or suits for loss or damages arising out of the acts of the agents, servants or employees of MCOA during the term of this Agreement. MCOA shall defend, indemnify, and hold THE VILLAGE harmless from any claim or action arising out of MCOA's performance or non-performance of its obligations under this agreement, including but not limited to any violation of the Fair Debt Collection Practice Act, any law dealing with the credit rating of any individual, and other applicable laws arising out of the acts or omissions of MCOA or its agents or employees. Conversely, THE VILLAGE agrees to defend, indemnify and hold MCOA harmless against any and all liability, costs and expenses including attorney fees, occasioned by the claims or suits for loss or damages arising out of the acts of THE VILLAGE, its servants or employees.

Further, the VILLAGE warrants and represents to MCOA that any debt listed for collection will be a legal and valid debt owed to the VILLAGE; and in addition to the indemnities listed above, the VILLAGE agrees to defend, indemnify, and hold MCOA harmless against any and all liability, costs, and expenses including attorneys' fees occasioned by claims or suits under the Federal "Fair Debt Collection Practices Act", due to the breach of these warranties and representations.

ARTICLE VII

This Agreement is for a period of 24 months from the date first above written, however, it shall continue under the same terms and conditions for up to three (3) additional one-year periods, or until termination by either party, by notice given in writing to the other party, at least sixty days prior to termination.



REQUEST FOR BOARD ACTION

MEETING DATE: May 21, 2024

DEPARTMENT: Finance

SUBJECT: Supplemental Financial Reports for the Fiscal Year Ended December 31, 2022

EXECUTIVE SUMMARY

The Village's Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended December 31, 2022 was accepted and placed on file by the Village Board on May 9th. The remaining supplemental reports prepared in connection with the audit are attached and provide either required communications by the audit firm, more detailed information than is presented in the ACFR, or more summarized information than is presented in the ACFR.

The Auditor's Communication and Management Letter are communications from the auditor to the Village Board regarding significant audit matters, internal controls, and compliance matters. No findings were noted.

The Single Audit is required when more than \$750,000 in federal grants are expended in a fiscal year.

State reporting requirements include the Consolidated Year End Financial Report and the Comptroller's Annual Financial Report both of which report on all expenditures including federal grants, state grants, and all other expenditures in summary format.

The Police Pension Plan Annual Financial Report is a detailed version of what is included in the ACFR.

The Popular Annual Financial Report condenses the 106 page ACFR into a 20 page summary and is written for the general public to understand Village finances in a more user-friendly format.

FINANCIAL IMPACT

None

ATTACHMENTS

1. Auditor's Communication to the Board of Trustees for the Year Ended December 31, 2022
2. Management Letter for the Year Ended December 31, 2022
3. Single Audit for the Year Ended December 31, 2022
4. Illinois Grant Accountability and Transparency Act - Consolidated Year End Financial Report for the Year Ended December 31, 2022
5. State of Illinois Comptroller FY 2022 Annual Financial Report
6. Police Pension Plan Annual Financial Report for the Year Ended December 31, 2022
7. Popular Annual Financial Report for the Fiscal Year Ended December 31, 2022

RECOMMENDED MOTION

Motion to accept and place on file the Auditor's Communication to the Board of Trustees, Management Letter, Single Audit, Illinois Grant Accountability and Transparency Act - Consolidated Year End Financial Report, State of Illinois Comptroller Annual Financial Report, Police Pension Plan Annual Financial Report, and Popular Annual Financial Report all for the fiscal year ended December 31, 2022.



May 16, 2024

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Lake in the Hills, Illinois (“the Village”) for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, 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 February 23, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. The Village adopted Governmental Accounting Standards Board Statement 87 – *Leases* during the year. As explained in Note 12 to the financial statements, the new statement resulted in the recording of a receivable and deferred inflows of resources for leases of Village cell towers and airport hangars where the Village is the lessor.

In addition, as explained in Note 1 to the financial statements, the Police Facility Capital Project Fund is a newly created major governmental fund.

Finally, as explained in Note 14 to the financial statements, the Village restated net position in the Airport Fund due to prior year errors in the calculation of accumulated depreciation.

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. The most sensitive estimates affecting the Village’s financial statements were:

Management’s estimate of the useful lives of capital assets is based on past history of similar assets and expected usage. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The determination of the net pension liability/(asset) and total other post-employment benefit (“OPEB”) liability involved various estimates including expected long-term rates of return on investments, mortality rates, future salary increase, inflation, health care cost trend rates, etc. Management’s estimates are developed in conjunction with actuaries and investment managers. We evaluated the key factors and assumptions used to develop the net pension liability and total OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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. However, the audit was delayed primarily due to staffing issues within the Village's Finance Department.

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. The attached schedule labeled "Adjusting Journal Entries" detail misstatements detected as a result of audit procedures that have been corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 April 29, 2024 and the addendum dated May 16, 2024.

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 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.

We would also like to make you aware of future accounting pronouncements that may affect the Village. These are listed in the attached schedule.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedules of changes in employer's net pension liability and related ratios, schedules of employer contributions, and schedule of funding progress and employer contributions for other post-employment benefit plan, which are 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.

We were engaged to report on combining statements and individual fund statements which accompany the financial statements but are not RSI. With respect to this supplementary information, 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 financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, statistical section and compliance section, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

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

Very truly yours,

GW & Associates, P.C.

GW & Associates, P.C.

NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements is effective for the Village beginning with its year ending December 31, 2023. This Statement provides the following financial and accounting requirements for public-private and public-public partnerships (PPPs): a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP; a government to account for PPP and non-PPP components of a PPP as separate accounts; an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. This Statement also provides financial and reporting guidelines for availability payment arrangements (APAs). It requires that a government engaged in an APA with multiple components to recognize each component as a separate arrangement.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements is effective for the Village beginning with its year ending December 31, 2023. This Statement requires the disclosure of descriptive information about subscription-based information technology arrangements (SBITAs) other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

GASB Statement No. 99, Omnibus 2022; addresses several topics including:

- The classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument. (Effective for the fiscal year ended December 31, 2024).
- Clarification of provisions in Statement No. 87, Leases, related to determination of lease term, short-term lease classification, recognition and measurement of a lease liability and lease asset, and identification of lease incentives. (Effective for the fiscal year ended December 31, 2023).
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to determination of partnership term and recognition and measurement of installment payments and the transfer of underlying assets. (Effective for the fiscal year ended December 31, 2023).
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to subscription-based information technology arrangement (SBITA) term, short-term SBITA classifications, and recognition and measurement of a subscription liability. (Effective for the fiscal year ended December 31, 2023).

GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, is effective for the Village for the fiscal year ended December 31, 2024. The Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, Compensated Absences, is effective for the Village for the fiscal year ended December 31, 2024. The Statement is to update the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102, Certain Risk Disclosures, is effective for the Village for the fiscal year ended December 31, 2025. The Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact and whether an event causing the substantial impact has occurred, has begun to occur or is more likely than not to begin to occur within 12 months of the date the financial statements are issued. Note disclosure may then be required.

Client: VILLAGE OF LAKE IN THE HILLS
Report: Adjusting Journal Entries

Account	Description	Debit	Credit
AJE101			
To adjust addition to correct expense type - KR			
910.00.00.19.32	Cap Assets Being Depreciated Computer Software	11,889.00	0.00
910.00.00.19.24	Cap Assets Being Depreciated Office Equip & Furniture	0.00	11,889.00
910.00.00.80.56	Capital Asset Purchase - Gen Gov	11,889.00	0.00
910.00.00.80.60	Capital Asset Purchase - Pub Saf	0.00	11,889.00
910.00.00.19.74	Cap Assets Being Depreciated Accum Depr-Off Eq & Furn	594.00	0.00
910.00.00.19.82	Cap Assets Being Depreciated Accum Depr-Software	0.00	594.00
910.00.00.82.08	Other Expenses Depreciation Exp - Gen Gov	0.00	594.00
910.00.00.82.12	Other Expenses Depreciation Exp - Pub Saf	594.00	0.00
Total		<u>24,966.00</u>	<u>24,966.00</u>
AJE102			
To record additional asset - KR			
910.00.00.19.32	Cap Assets Being Depreciated Computer Software	6,000.00	0.00
910.00.00.80.56	Capital Asset Purchase - Gen Gov	0.00	6,000.00
910.00.00.82.08	Other Expenses Depreciation Exp - Gen Gov	800.00	0.00
910.00.00.19.82	Cap Assets Being Depreciated Accum Depr-Software	0.00	800.00
Total		<u>6,800.00</u>	<u>6,800.00</u>
AJE105			
To record adjustment to Airport fund and General fund due to GASB87 implementation			
100.00.00.12.23	Lease receivable	2,679,222.00	0.00
100.00.00.23.11	Deferred Inflow of Resources - Leases	0.00	2,679,222.00
100.00.00.44.52	CS Rental Income	197,158.00	0.00

100.00.00.12.23	Lease receivable	0.00	135,022.00
100.00.00.46.13	Interest income	0.00	62,136.00
100.00.00.23.11	Deferred Inflow of Resources - Leases	212,778.00	0.00
100.00.00.44.53	Lease income	0.00	212,778.00
620.00.00.12.17	Lease receivable	729,005.00	0.00
620.00.00.27.01	Deferred Inflow of Resources - Leases	0.00	729,005.00
620.00.00.44.52	CS Rental Income	50,596.00	0.00
620.00.00.12.17	Lease receivable	0.00	30,937.00
620.00.00.46.08	Interest income	0.00	19,659.00
620.00.00.27.01	Deferred Inflow of Resources - Leases	39,483.00	0.00
620.00.00.44.53	Lease income	0.00	39,483.00
Total		3,908,242.00	3,908,242.00

AJE107

To adjust over depreciated office equip & furniture line item - KR

520.00.00.19.74	Cap Assets Being Depreciated Accum Depr-Off Eq & Furn	721.00	0.00
520.00.00.80.32	Capital Equipment	0.00	721.00
Total		721.00	721.00

AJE120

TO CORRECT VACATION ACCRUALS & SICK TIME ACCRUALS - MMV

920.00.00.51.52	Taxes & Benefits Compensated Absences Pub Safe	4,727.00	0.00
920.00.00.51.56	Taxes & Benefits Compensated Absences Recreat	4,774.00	0.00
520.00.00.50.04	Salaries & Wages Full Time	1,392.00	0.00
520.00.00.51.04	Taxes & Benefits FICA	106.00	0.00
620.00.00.50.04	Salaries & Wages Full Time	108.00	0.00
620.00.00.51.04	Taxes & Benefits FICA	8.00	0.00
920.00.00.21.92	Payroll Liability Accrued Sick/Vacation	0.00	9,501.00
520.00.00.21.92	Payroll Liability Accrued Sick/Vacation	0.00	1,498.00
620.00.00.21.92	Payroll Liability Accrued Sick/Vacation	0.00	116.00
920.00.00.51.52	Taxes & Benefits Compensated Absences Pub Safe	11,998.00	0.00
920.00.00.21.92	Payroll Liability Accrued Sick/Vacation	0.00	11,998.00
Total		23,113.00	23,113.00

AJE121

To reclass recorded revenue as deferred inflow
of resources on fund level & to record on gov.-
wide - KR

100.00.00.43.16	IG Grants	2,708.00	0.00
100.00.00.43.16	IG Grants	3,169.00	0.00
100.00.00.12.24	Deferred Inflows	0.00	5,877.00
920.00.00.12.24	Deferred Inflows	5,877.00	0.00
920.00.00.43.16	Grant Revenue	0.00	5,877.00
410.00.00.43.16	IG Grants	425,560.00	0.00
410.00.00.12.24	Deferred Inflows	0.00	425,560.00
920.00.00.12.24	Deferred Inflows	425,560.00	0.00
920.00.00.43.16	Grant Revenue	0.00	425,560.00
490.00.00.43.16	IG Grants	44,955.00	0.00
490.00.00.12.24	Deferred Inflows	0.00	44,955.00
920.00.00.12.24	Deferred Inflows	44,955.00	0.00
920.00.00.43.16	Grant Revenue	0.00	44,955.00
100.00.00.43.16	IG Grants	54,120.00	0.00
100.00.00.12.24	Deferred Inflows	0.00	54,120.00
920.00.00.12.24	Deferred Inflows	54,120.00	0.00
920.00.00.43.16	Grant Revenue	0.00	54,120.00
Total		1,061,024.00	1,061,024.00



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

To the Honorable President and 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, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Lake in the Hills, Illinois' basic financial statements, and have issued our report thereon dated April 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Lake in the Hills, Illinois' internal control over financial reporting (internal control) as a basis for designing 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 of Lake in the Hills, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Lake in the Hills, Illinois' 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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Lake in the Hills, Illinois' 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GW & Associates, P.C.

Hillside, Illinois
April 29, 2024

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2022

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2022**

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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**

To the Honorable President and 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, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Lake in the Hills, Illinois' basic financial statements, and have issued our report thereon dated April 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Lake in the Hills, Illinois' internal control over financial reporting (internal control) as a basis for designing 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 of Lake in the Hills, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Lake in the Hills, Illinois' 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. *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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Lake in the Hills, Illinois' 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GW & Associates, P.C.

Hillside, Illinois
April 29, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON
INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Lake in the Hills, Illinois' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Village of Lake in the Hills, Illinois' major federal programs for the year ended December 31, 2022. The Village of Lake in the Hills, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village of Lake in the Hills, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village of Lake in the Hills, Illinois and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village of Lake in the Hills, Illinois' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village of Lake in the Hills, Illinois' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village of Lake in the Hills, Illinois' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred

to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village of Lake in the Hills, Illinois' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village of Lake in the Hills, Illinois' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village of Lake in the Hills, Illinois' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village of Lake in the Hills, Illinois' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Lake in the Hills, Illinois' basic financial statements. We issued our report thereon dated April 29, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

JW & Associates, P.C.

Hillside, Illinois
May 16, 2024

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year ended December 31, 2022

Federal Grantor	Pass-Through Grantor	Program Title	Assistance Listing	Grant Number	Expenditures	Payments to Subrecipients
U.S. Department of Justice	N/A	Equitable Sharing Program	16.922	N/A	\$ 10,078	
U.S. Department of Justice	N/A	Bulletproof Vest Partnership Program	16.607	N/A	5,169	
Total U.S. Department of Justice					<u>15,247</u>	
U.S. Department of Homeland Security	Illinois Emergency Management Agency	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	3,485	
Total U.S. Department of Homeland Security					<u>3,485</u>	
U.S. Department of Treasury	Illinois Department of Commerce & Economic Opportunity	COVID 19- Coronavirus State & Local Fiscal Recovery Funds	21.027	N/A	3,896,648	
U.S. Department of Treasury	N/A	Equitable Sharing Program	21.016	N/A	15,600	
Total U.S. Department of Treasury					<u>3,912,248</u>	
U.S. Environmental Protection Agency	Illinois Environmental Protection Agency	Nonpoint Source Implementation Grants	66.460	3192012	441,751	
Total U.S. Environmental Protection Agency					<u>441,751</u>	
U.S. Department of Transportation	Illinois Department of Transportation	Airport Improvement Program	20.106	22-0327/2800-30565	182,402	
U.S. Department of Transportation	Illinois Department of Transportation	Airport Improvement Program	20.106	23-0327/2800-39154	72,293	
Total Airport Improvement Program					<u>254,695</u>	
U.S. Department of Transportation	Illinois Department of Transportation	Highway Planning and Construction	20.205	N/A	78,649	
U.S. Department of Transportation	Illinois Department of Transportation	National Priority Safety Programs	20.616	HS-22-0118,13-16	15,310	
U.S. Department of Transportation	Illinois Department of Transportation	National Priority Safety Programs	20.616	HS-23-0200,13-16	2,347	
Total National Priority Safety Programs					<u>17,657</u>	
U.S. Department of Transportation	Illinois Department of Transportation	State and Community Highway Safety Program	20.600	HS-22-0117, 04-02	19,835	
U.S. Department of Transportation	Illinois Department of Transportation	State and Community Highway Safety Program	20.600	HS-23-0186, 04-02	7,037	
Total State and Community Highway Safety Programs					<u>26,872</u>	
Total Highway Safety Cluster					<u>44,529</u>	
Total U.S. Department of Transportation					<u>377,873</u>	
Total Federal Expenditures					<u>\$ 4,750,604</u>	<u>\$ -</u>

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

NOTE – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Village of Lake in the Hills, Illinois (“Village”). The Village’s reporting entity is defined in Note 1 to the Village’s financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Village’s financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance.

Non-Cash and Federal Insurance

The Village received non-cash assistance during the fiscal year of \$78,649.

Indirect Costs

The Village has elected to use the 10% de minimis indirect costs rate as allowed under the Uniform Guidance.

VILLAGE OF LAKE IN THE HILLS, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control Over Financial Reporting:

- Material weaknesses identified? _____ x
Yes No
- Significant deficiencies identified
not considered to be material weaknesses? _____ x
Yes None reported

Noncompliance material to the financial statements noted? _____ x
Yes No

Federal Awards

Internal Control Over Major Programs:

- Material weaknesses identified? _____ x
Yes No
- Significant deficiencies identified
not considered to be material weaknesses? _____ x
Yes None reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance? _____ x
Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
21.027	COVID 19 - Coronavirus State & Local Fiscal Recovery Funds

Dollar threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ x
Yes No

VILLAGE OF LAKE IN THE HILLS, ILLINOIS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022

No prior year findings were reported for the Village of Lake in the Hills, Illinois.



INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of the Village of Lake in the Hills, Illinois as of and for the year ended December 31, 2022, and have issued our report thereon dated April 29, 2024 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Consolidate Year End Financial Report is presented for the purposes of additional analysis as required by the Illinois Grant Accountability and Transparency Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

GW & Associates, P.C.

Hillside, Illinois

May 16, 2024

Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

[Grantee Portal](#) / [Audit Reviews](#) / [Audit](#) / CYEFR

Add a Program

Certify & Submit

	CSFA #	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
View	494-00-0967	High-Growth Cities Program	0	0	0	0
View	494-00-1488	Motor Fuel Tax Program	1,019,631	0	0	1,019,631
View	494-00-2356	Local REBUILD ILLNOIS Bond Program	1,104,190	0	0	1,104,190
View	494-10-0343	State and Community Highway Safety/National Priority Safety Program	0	44,528	0	44,528
View	494-42-0495	Local Surface Transportation Program	26,230	78,649	0	104,879
View	494-60-0327	Airport Improvement Program	0	254,695	0	254,695
View	494-60-2421	COVID-19 Airport Relief Program	0	0	0	0
View	494-60-2511	Aviation Fuel Tax Program	71,821	0	0	71,821
View	494-60-2800	Aeronautics State Match Program	4,016	0	4,016	8,033
View	532-60-0378	Section 319(h) – Nonpoint Source Pollution Control Financial	0	441,751	294,501	736,252
Totals:			2,286,058	4,750,604	20,570,748	27,607,409

		Assistance Program				
View	569-00-2537	Law Enforcement Camera Grant	60,170	0	0	60,170
View	588-40-0448	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	0	3,485	244	3,730
View		Other grant programs and activities		3,927,495	22,312	3,949,807
View		All other costs not allocated			20,249,675	20,249,675
Totals:			2,286,058	4,750,604	20,570,748	27,607,409

Please note the following:

- The CYEFR is pre-populated with programs based on existing State-issued awards in the CSFA. These programs cannot be removed. If no spending occurred in a program, leave the amounts at zero.
- If a program is missing, please click the "Add a Program" button and select the State agency and State program from the dropdown list provided.
- Any grant expenditures not associated with funding received through the State of Illinois are to be entered in "Other grant programs and activities". The expenditures must be identified as federal (direct or pass-through) or other funding.
- All other expenditures not related to grants are to be entered in "All other costs not allocated".



**STATE OF ILLINOIS
COMPTROLLER**

SUSANA A. MENDOZA

DO NOT SEND THIS PAPER COPY - THIS IS YOUR COPY.

MAKE SURE YOU HAVE CLICKED THE SUBMIT BUTTON IN THE COMPTROLLER CONNECT PROGRAM. THIS WILL PROVIDE THE COMPTROLLER'S OFFICE WITH A COPY OF YOUR ANNUAL FINANCIAL REPORT.

**FY 2022 Annual Financial Report
Multi-Purpose Long Form**

CCIF Copy - 5/7/2024 3:32:37 PM

Unit Name : Lake-In-The-Hills Village

County : Mchenry

Unit Code : 063/055/32

I attest that, to the best of my knowledge, this report represents a complete and accurate statement of the financial position, the Contact Information, the TIF status, the FEIN status, the Total Appropriations, and the Legal Debt Limitation of Lake-In-The-Hills Village as of the end of this fiscal year.

Written signature of government official
Peter Stefan, Fin. Officer/Treas.

Please Sign :

Date :

05-07-2024

Unit Name : Lake-In-The-Hills Village

Unit Code : 063/055/32

Please be sure to fill out this section accurately. The information you provide below is (1) our primary way of contacting your government, (2) the information we supply to external agencies, and (3) is the name and title we will list on our website. This section should NOT contain ANY of your Accounting Professional's information.

STEP 1: ENTER CONTACT INFORMATION

Is the following information correct and complete? _____ Yes _____ No

A. Contact Person (elected or appointed official responsible for filling out this form.)		B. Chief Executive Officer (Enter your name here ONLY if you are the elected or appointed official <u>responsible</u> for the EXECUTIVE ADMINISTRATION, i.e. mayor, supervisor, or chairman. Your name will be listed with this responsibility on our website.)		C. Chief Financial Officer (Enter your name here ONLY if you are the elected or appointed official <u>responsible</u> for MAINTAINING THE GOVERNMENT'S FINANCIAL RECORDS. Your name will be listed with this responsibility on our website.)	
Peter	Stefan	Shannon	Andrews	Peter	Stefan
Fin. Officer/Treas.		Administrator		Fin. Officer/Treas.	
600 Harvest Gate		600 Harvest Gate		600 Harvest Gate	
Lake in the Hills		Lake in the Hills		Lake in the Hills	
IL 60156-4803		IL 60156-4803		IL 60156-4803	
Phone: (847) 960-7411 Ext.		Phone: (847) 960-7411 Ext.		Phone: (847) 960-7421 Ext.	
Fax: (847) 960-7415		Fax: (847) 960-7415		Fax: (847) 960-7415	
E-Mail: pstefan@lith.org		E-Mail: sandrews@lith.org		E-Mail: pstefan@lith.org	
D. Purchasing Agent (Enter the Purchasing Agent or if there is no Purchasing Agent, the name of the person responsible for oversight of all competitively bid contracts should be listed.)		E. FOIA Officer (Enter the FOIA Officer or if there is no FOIA Officer, the name of the person responsible for oversight of all FOIA requests should be listed.)		F. TIF Officer (Enter the TIF Officer or if there is no TIF Officer, the name of the person responsible for oversight of all TIF Districts should be listed.)	
Peter	Stefan	Peter	Stefan		
Fin. Officer/Treas.		Fin. Officer/Treas.			
600 Harvest Gate		600 Harvest Gate			
Lake in the Hills		Lake in the Hills			
IL 60156-4803		IL 60156-4803			
Phone: (847) 960-7421 Ext.		Phone: (847) 960-7421 Ext.		Phone:	
Fax: (847) 960-7415		Fax: (847) 960-7415		Fax:	
E-Mail: pstefan@lith.org		E-Mail: pstefan@lith.org		E-Mail:	

If the Chief Executive Officer and the Chief Financial Officer are the same person as the Contact Person, please check this box and skip to Step 2.

Unit Name : Lake-In-The-Hills Village

Unit Code : 063/055/32

STEP 4: POPULATION, EAV AND EMPLOYEES

What is the total population of Lake-In-The-Hills Village?^	28,945
What is the total EAV of Lake-In-The-Hills Village?	\$844,273,937
How many full time employees are paid?*	103
How many part time employees are paid?*	23
What is the total salary paid to all employees?	\$18,971,716

^ Or provide estimated population.

* Do not include contractual employees.

STEPS 5 AND 6: COMPONENT UNITS AND APPROPRIATIONS

Provide the appropriation for the primary government listed in the first row of the table below.

In the remaining rows, provide the names of all component units along with their appropriations. Indicate if the component units are blended or discretely presented, its fiscal year end date and if the component unit was funded with governmental fund types or enterprise fund types. If the component units are already indicated, that data is based on forms submitted last year. If you have more component units than the rows provided below, please indicate them on an attachment.

If you need assistance with the terms indicated below, refer to the *Chart of Accounts and Definitions* and the *How to Fill Out An AFR* documents.

Name of Unit/Component FUNDS SHOULD NOT BE LISTED HERE*	Appropriation^	Type of Component Unit (Blended or Discretely Presented)	Fiscal Year End	Enterprise Fund Type or Governmental Fund Type
Lake-In-The-Hills Village	\$31,877,618		12/31	
Total Appropriations	\$31,877,618			

* Do not enter funds such as Joint Bridge, Permanent Road, Town Fund, Equipment, Water & Sewer, General Assistance, etc. These funds should be included in Step 8.

^ If the Primary Government or Component Unit does NOT budget or levy taxes, please enter the unit's TOTAL EXPENDITURES.

Unit Name : Lake-In-The-Hills Village

Unit Code : 063/055/32

STEP 7: OTHER GOVERNMENTS

Indicate any payments Lake-In-The-Hills Village made to other governments for services or programs (include programs performed on a reimbursement, cost-sharing basis or federal payroll taxes).

Intergovernmental agreements - indicate how much was paid	\$0
Federal government payroll taxes	\$814,179
All other intergovernmental payments	\$0

STEP 8: FUND LISTING & ACCOUNT GROUPS

A. List all funds and how much was spent in FY 2022 for each fund. Also, indicate the Fund Type (Fund Types are at the top of each column beginning on page F1). If any fund names appear below, the data is based on forms submitted last year. Please make all necessary corrections. If you have more fund names than the rows provided below, please indicate them on an attachment.

Fund Name	Expenditure	Fund Type	FY End
Capital Improvement	\$1,294,849	Capital Projects Fund	12/31
General	\$23,219,845	General Fund	12/31
Health Insurance	\$2,249,807	Internal Service Fund	12/31
Lake Projects	\$1,191,844	Capital Projects Fund	12/31
Motor Fuel Tax	\$2,228,700	Special Revenue Fund	12/31
Municipal Airport	\$1,247,684	Enterprise Fund	12/31
Police Improvement	\$250,602	Capital Projects Fund	12/31
Police Pension	\$1,312,312	Fiduciary Fund	12/31
Police Seizure	\$25,928	General Fund	12/31
Special Service Areas	\$381,472	Special Revenue Fund	12/31
Veterans Memorial	\$257	General Fund	12/31
Water Operating and Maintenance	\$3,529,971	Enterprise Fund	12/31
Total Expenditures	\$36,933,271		

B. Does Lake-In-The-Hills Village have assets or liabilities that should be recorded as a part of Account Groups? See Chart of Accounts and Definitions and the How to Fill Out An AFR documents for more information about Account Groups.

Yes No

Office of the Comptroller, Susana A. Mendoza
FY 2022 AFR
Multi-Purpose Form

Unit Name : Lake-In-The-Hills Village

Unit Code : 063/055/32

STEP 9: GOVERNMENTAL ENTITIES

List of governmental entities that are part of or related to the primary government. Exclude component units detailed in Steps 5 & 6. Most small governments do not have governmental entities.

Entity Name	Relationship

STEP 10: REPORTING

Check any state or local entity where financial reports are filed.

STATE AGENCIES	
<input type="checkbox"/> - Board of Education	<input type="checkbox"/> - Board of Higher Education
<input type="checkbox"/> - DCEO	<input checked="" type="checkbox"/> - Department of Insurance
OTHER STATE OR LOCAL OFFICES	
<input checked="" type="checkbox"/> - Illinois Comptroller	<input type="checkbox"/> - Secretary of State
<input type="checkbox"/> - General Assembly - House	<input type="checkbox"/> - General Assembly - Senate
<input checked="" type="checkbox"/> - County Clerk	<input type="checkbox"/> - Circuit Clerk
<input type="checkbox"/> - Governor's Office	<input type="checkbox"/> - Other - _____

Assets

Code	Enter All Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Assets					
101t	Cash and Cash Equivalent	\$24,738,162	\$9,571,454	\$39,660	\$0
102t	Investments	\$0	\$0	\$43,897,253	\$0
115t	Receivables	\$12,984,463	\$2,134,647	\$0	\$0
109t	Inventories	\$93,321	\$38,148	\$0	\$0
112t	Other Assets (Explain)	\$3,207,119	\$708,614	\$1,525	\$0
Non-Current Assets					
116t	Capital Assets/Net of Accumulated Depreciation	\$28,088,793	\$38,155,537	\$0	\$0
117t	Other Capital Assets (Explain)	\$151,088,491	\$14,346,826	\$0	\$0
120t	Total Assets	\$220,200,349	\$64,955,226	\$43,938,438	\$0
150t	Deferred Outflow of Resources	\$6,458,491	\$771,725	\$0	\$0

Liabilities

Code	Enter All Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Liabilities					
122t	All Payables	\$2,137,838	\$746,585	\$6,794	\$0
132t	Deferred Revenues	\$11,918	\$1,972	\$0	\$0
128t	Other Liabilities (Explain)	\$0	\$0	\$0	\$0
Non-Current/Long Term Liabilities					
129t	Due Within One Year	\$261,055	\$82,231	\$0	\$0
130t	Due Beyond One Year	\$6,480,071	\$2,192,773	\$0	\$0
131t	Other Non-Current/Long Term Liabilities (Explain)	\$0	\$0	\$0	\$0
135t	Total Liabilities	\$8,890,882	\$3,023,561	\$6,794	\$0
155t	Deferred Inflow of Resources	\$14,928,575	\$1,722,001	\$0	\$0

Net Position

Code	Enter All Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
143t	Investments in Capital Assets/Net of Related Debt	\$177,967,200	\$50,658,325	\$0	\$0
148t	Net Position - Restricted	\$3,812,703	\$0	\$43,931,644	\$0
149t	Net Position - Unrestricted	\$21,059,480	\$10,323,064	\$0	\$0
146t	Total Net Position	\$202,839,383	\$60,981,389	\$43,931,644	\$0

Revenues and Receipts

Code	Enter All Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Local Taxes		Report In Whole Numbers							
201t	Property Tax	\$5,712,301	\$386,593	\$0	\$0	\$104,120	\$0	\$0	\$0
202t	Local Sales Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
203t	Utilities Tax	\$222,337	\$0	\$1,284,023	\$0	\$0	\$0	\$0	\$0
203a	Electric Utilities	\$0	\$0	\$1,284,023	\$0	\$0	\$0	\$0	\$0
203b	Water Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
203c	Communications Utilities	\$222,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0
203d	Other Utilities (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
204t	Other Taxes (Explain)	\$3,807,547	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental Receipts & Grants									
211t	State Income Tax	\$4,722,537	\$0	\$0	\$0	\$0	\$0	\$0	\$0
212t	State Sales Tax	\$4,355,439	\$0	\$0	\$0	\$0	\$0	\$0	\$0
213t	State Motor Fuel Tax	\$0	\$1,173,129	\$0	\$0	\$0	\$0	\$0	\$0
214t	State Replacement Tax	\$23,984	\$0	\$0	\$0	\$0	\$0	\$0	\$0
205t	State Gaming Tax(es)	\$322,202	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215t	Other State Sources (Explain)	\$1,224,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215a	General Support	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215b	Public Welfare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215c	Health and/or Hospitals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215d	Streets and Highways	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215e	Culture and Recreation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215f	Housing/Comm. Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215g	Water Supply System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215h	Electric/Gas Power System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215i	Mass Transit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
215j	Other (Explain)	\$1,224,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225t	Federal Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225a	General Support	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Revenues and Receipts

Code	Enter All Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Intergovernmental Receipts & Grants									
225b	Public Welfare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225c	Health and/or Hospitals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225d	Streets and Highways	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225e	Culture and Recreation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225f	Housing/Comm. Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225g	Water Supply System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225h	Electric/Gas Power System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225i	Mass Transit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
225j	Other (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
226t	Other Intergovernmental Sources (Explain)	\$3,942,992	\$665,662	\$511,484	\$0	\$439,215	\$0	\$0	\$0
Other Sources									
231t	Licenses and Permits	\$322,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0
233t	Fines and Forfeitures	\$193,441	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234t	Charges for Services	\$1,640,253	\$0	\$461	\$0	\$4,900,580	\$2,233,745	\$0	\$0
234a	Water Utilities	\$0	\$0	\$0	\$0	\$4,132,400	\$0	\$0	\$0
234b	Gas Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234c	Electric Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234d	Transit Utilities	\$0	\$0	\$0	\$0	\$768,180	\$0	\$0	\$0
234e	Sewer Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234f	Refuse and Disposal Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234g	Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234h	Housing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234i	Highway or Bridge Tolls	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234j	Culture and Recreation	\$740,076	\$0	\$0	\$0	\$0	\$0	\$0	\$0
234k	Other (Explain)	\$900,177	\$0	\$461	\$0	\$0	\$2,233,745	\$0	\$0
235t	Interest	(\$20,814)	\$57,147	\$118,873	\$0	(\$16,527)	\$128	\$0	\$0
236t	Miscellaneous (Explain)	\$242,251	\$80,161	\$0	\$0	\$13,539	\$28	\$145,512	\$0
240t	Total Receipts and Revenue	\$26,711,607	\$2,362,692	\$1,914,841	\$0	\$5,440,927	\$2,233,901	\$145,512	\$0

Disbursements, Expenditures and Expenses

Code	Enter All Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report In Whole Numbers									
251t	General Government	\$3,828,269	\$317,228	\$0	\$0	\$0	\$2,249,807	\$110,057	\$0
251a	Financial Administration	\$1,045,022	\$0	\$0	\$0	\$0	\$0	\$50,123	\$0
251b	General Administrative Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
251c	Central Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
251d	Other (Explain)	\$2,783,247	\$317,228	\$0	\$0	\$0	\$2,249,807	\$59,934	\$0
252t	Public Safety	\$13,622,465	\$25,928	\$0	\$0	\$0	\$0	\$0	\$0
252a	Police	\$13,622,465	\$25,928	\$0	\$0	\$0	\$0	\$0	\$0
252b	Fire	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
252c	Regulation - Building Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
252d	Other (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
253t	Corrections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
254t	Judiciary and Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
255t	Transportation and Public Works	\$4,709,501	\$0	\$0	\$0	\$740,046	\$0	\$0	\$0
255a	Streets and Highways	\$2,335,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0
255b	Airports	\$0	\$0	\$0	\$0	\$740,046	\$0	\$0	\$0
255c	Parking Meters	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
255d	Parking Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
255e	Other (Explain)	\$2,374,101	\$0	\$0	\$0	\$0	\$0	\$0	\$0
256t	Social Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
256a	Welfare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
256b	Health (Other than hospitals)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
256c	Hospital Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
256d	Cemeteries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
256e	Other (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Disbursements, Expenditures and Expenses

Code	Enter All Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report In Whole Numbers									
257t	Culture and Recreation	\$1,059,610	\$0	\$0	\$0	\$0	\$0	\$0	\$0
257a	Library	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
257b	Parks	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
257c	Other (Explain)	\$1,059,610	\$0	\$0	\$0	\$0	\$0	\$0	\$0
258t	Housing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
275t	Environment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
275a	Sewage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
275b	Solid Waste Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
275c	Other (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
259t	Debt	\$0	\$0	\$0	\$0	\$40,933	\$0	\$0	\$0
259a	Interest	\$0	\$0	\$0	\$0	\$40,933	\$0	\$0	\$0
259b	Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
271t	Public Utility Company	\$0	\$0	\$0	\$0	\$1,989,425	\$0	\$0	\$0
271a	Water	\$0	\$0	\$0	\$0	\$1,989,425	\$0	\$0	\$0
271b	Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
271c	Transit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
271d	Other (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
272t	Depreciation	\$0	\$0	\$0	\$0	\$2,040,184	\$0	\$0	\$0
280t	Capital Outlay	\$0	\$2,293,201	\$2,737,295	\$0	\$0	\$0	\$0	\$0
260t	Other Expenditures/Expenses (Explain)	\$0	\$0	\$0	\$0	\$8,000	\$0	\$1,489,934	\$0
270t	Total Expenditures/Expense	\$23,219,845	\$2,636,357	\$2,737,295	\$0	\$4,818,588	\$2,249,807	\$1,599,991	\$0

Fund Balances and Other Financing Sources (Uses)

Code	Enter All Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report In Whole Numbers									
301t	Excess of receipts/revenues over (under) expenditures/expenses (240t-270t)	\$3,491,762	(\$273,665)	(\$822,454)	\$0	\$622,339	(\$15,906)	(\$1,454,479)	\$0
302t	Operating transfers in	\$562,041	\$0	\$10,675,857	\$0	\$0	\$0	\$0	\$0
303t	Operating transfers out	(\$10,675,857)	\$0	\$0	\$0	(\$562,041)	\$0	\$0	\$0
304t	Bond proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
305t	Other long term debt (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
306t	Net increase (decrease) in fund balance (301t + 302t - 303t + 304t + 305t)	(\$6,622,054)	(\$273,665)	\$9,853,403	\$0	\$60,298	(\$15,906)	(\$1,454,479)	\$0
307t	Previous year fund balance	\$19,171,364	\$4,086,368	\$1,145,780	\$0	\$60,921,091	\$164,421	\$45,386,123	\$0
308t	Other (Explain)	\$0	\$0	\$46,645	\$0	\$0	\$0	\$0	\$0
310t	Current Year Ending Fund Balance (306t + 307t + 308t)	\$12,549,310	\$3,812,703	\$11,045,828	\$0	\$60,981,389	\$148,515	\$43,931,644	\$0

Statement of Indebtedness (Governmental & Proprietary combined)

Debt Instruments for All Funds	Code	Outstanding Beginning of Year	Code	Issued Current Fiscal Year	Code	Retired Current Fiscal Year	Code	Outstanding End of Year	Original Issue Amount	Final Maturity Date	Interest Rate Ranges-Lowest	Interest Rate Ranges-Highest
Report In Whole Numbers												
General Obligation Bonds	400	\$1,460,000	406	\$0	412	\$130,000	418	\$1,330,000	\$2,770,000			
Water	400a	\$1,390,000	406a	\$0	412a	\$60,000	418a	\$1,330,000	\$1,495,000		1.75%	4.00%
Electric	400b	\$0	406b	\$0	412b	\$0	418b	\$0	\$0		0.00%	0.00%
Transportation	400c	\$70,000	406c	\$0	412c	\$70,000	418c	\$0	\$1,275,000		2.00%	2.00%
Housing	400d	\$0	406d	\$0	412d	\$0	418d	\$0	\$0		0.00%	0.00%
Other (Explain)	400e	\$0	406e	\$0	412e	\$0	418e	\$0	\$0		0.00%	0.00%
Revenue Bonds	401	\$0	407	\$0	413	\$0	419	\$0	\$0			
Water	401a	\$0	407a	\$0	413a	\$0	419a	\$0	\$0		0.00%	0.00%
Electric	401b	\$0	407b	\$0	413b	\$0	419b	\$0	\$0		0.00%	0.00%
Transportation	401c	\$0	407c	\$0	413c	\$0	419c	\$0	\$0		0.00%	0.00%
Housing	401d	\$0	407d	\$0	413d	\$0	419d	\$0	\$0		0.00%	0.00%
Other (Explain)	401e	\$0	407e	\$0	413e	\$0	419e	\$0	\$0		0.00%	0.00%
Alternate Revenue Bonds	402	\$0	408	\$0	414	\$0	420	\$0	\$0		0.00%	0.00%
Contractual Commitments	403	\$0	409	\$0	415	\$0	421	\$0	\$0		0.00%	0.00%
Other (Explain)	404	\$3,315,487	410	\$5,077,164	416	\$706,521	422	\$7,686,130	\$0		0.00%	0.00%
Total Debt	405	\$4,775,487	411	\$5,077,164	417	\$836,521	423	\$9,016,130				

Debt Limitations and Future Debt

Future Debt Service Requirements for Bonded Debt listed above			
Year Ending	Principal	Interest	Total
2023	\$60,000	\$46,500	\$106,500
2024	\$60,000	\$45,450	\$105,450
2025	\$65,000	\$44,400	\$109,400
2026	\$65,000	\$43,100	\$108,100
2027	\$70,000	\$41,800	\$111,800
2028-2032	\$365,000	\$174,200	\$539,200
2033-2037	\$440,000	\$95,200	\$535,200
2038-2042	\$205,000	\$12,400	\$217,400
TOTAL	\$ 1,330,000	\$ 503,050	\$ 1,833,050

Please provide a summary of the authorized debt limitations, including any statutory references.

Pension Funds / Retirement Benefits

Code	Enter All Amounts in Whole Numbers	IMRF			Police Pension			Fire Pension		
		2019	2020	2021	2020	2021	2022	Year 1	Year 2	Year 3
500	Actuarial Valuation Date (VD)	12/31/2019	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2022			
500a	Reporting Date (RD)	12/31/2020	12/31/2021	12/31/2022	12/31/2020	12/31/2021	12/31/2022			
500b	Measurement Date (MD)	12/31/2019	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2022			
501	Total Pension Liability (TPL)	\$25,174,762	\$25,897,649	\$27,380,265	\$43,892,457	\$45,116,521	\$48,750,902	\$0	\$0	\$0
502	Plan Fiduciary Net Position (FNP)	\$23,262,153	\$26,635,397	\$30,220,091	\$39,376,812	\$45,386,123	\$43,931,645	\$0	\$0	\$0
503	Net Pension Liability (NPL)	\$1,912,609	(\$737,748)	(\$2,839,826)	\$4,515,645	(\$269,602)	\$4,819,257	\$0	\$0	\$0
504	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.40%	102.84%	110.37%	89.71%	100.59%	90.11%	0.00%	0.00%	0.00%
505	Net Pension Obligation/ Net OPEB Obligation	\$1	\$1	\$1	\$1	\$1	\$1	\$0	\$0	\$0

Enter All Amounts in Whole Numbers

Code		SLEP			Other Pension			OPEB (Net)		
		Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	2020	2021	2022
500	Actuarial Valuation Date (VD)							12/31/2020	12/31/2021	12/31/2022
500a	Reporting Date (RD)							12/31/2020	12/31/2021	12/31/2022
500b	Measurement Date (MD)							12/31/2020	12/31/2021	12/31/2022
501	Total Pension Liability (TPL)	\$0	\$0	\$0	\$0	\$0	\$0	\$1025572	\$1,089,334	\$687,570
502	Plan Fiduciary Net Position (FNP)	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1
503	Net Pension Liability (NPL)	\$0	\$0	\$0	\$0	\$0	\$0	\$1,025,571	\$1,089,333	\$687,569
504	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
505	Net Pension Obligation / Net OPEB Obligation	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1

Capital Outlay*

Code	Function	These are not funds	
		Construction	Land, Structures, and Equipment
601t	General Government	\$2,615,749	\$0
602t	Law Enforcement	\$0	\$0
603t	Corrections	\$0	\$0
604t	Fire	\$0	\$0
605t	Sewerage	\$0	\$0
606t	Sanitation and Wastewater	\$0	\$0
607t	Parks and Recreation	\$0	\$0
608t	Housing and Community Development	\$0	\$0
609t	Highways, Roads and Bridges	\$509,792	\$0
610t	Parking Facilities	\$0	\$0
611t	Welfare	\$0	\$0
612t	Hospital	\$0	\$0
613t	Water	\$0	\$0
614t	Nursing Homes	\$0	\$0
615t	Conservation and Natural Resources	\$0	\$0
616t	Libraries	\$0	\$0
617t	Other	\$0	\$1,829,553

*This page should only be filled out if you have spent funds for capital projects or development.

*The Capital Outlay page is requested by the U.S. Census Bureau and is considered optional by the State Comptroller.

*If you complete this page you WILL NOT have to complete the Survey of Government Finances from the U.S. Census Bureau.

*If you do NOT complete this page the U.S. Census Bureau will contact you for further information.

Explanation or Comments

<u>Type</u>	<u>Explanation</u>
112t	Prepaid expenses and net pension assets
117t	Capital assets not being depreciated
204t	Home rule sales tax, amusement, cannabis home rule tax
215j	Local use tax and cannabis use tax
234k	Cable Franchise, impact fees, other fees, rental income, and health insurance fees
236t	Misc revenue, contributions, insurance/restitutions, and investment income
251d	Executive, Admin, Community Development, MIS, Insur/Legal/Engineering, and Pension Fund Admin expense, contractual services, and health care costs
255e	Public Works Admin and Public Property
257c	Recreation
260t	Pension Benefits, Amortization
308t	Prior period adjustment, sale of capital assets
404t	GO Bonds, GO Bond premium, OPEB, Comp Absences, IMRF and Police Pension NPL, and ARO
410t	OPEB and Comp Absences
416t	GO Bonds, GO Bond premium, Comp Absences, IMRF, and Police Pension NPL
Gen	Prepaid expenses and net pension assets

CPA Information

According to the Governmental Account Audit Act [50 ILCS 310], an Annual Audit submitted to the IL Office of the Comptroller shall be performed by a licensed public accountant, with a valid certificate as a public accountant under the Illinois Public Accounting Act [225 ILCS 450]. Please access the website of the Illinois General Assembly (www.ilga.gov/legislation/ilcs/ilcs.asp) to view these Acts. **If your government is required to submit an Annual Audit, please complete the following:**

Is the Licensed Certified Public Accountant performing your audit working as an individual licensed in Illinois, or are they working in association with a Public Accounting Firm or a Professional Service Corporation licensed in Illinois, or are they licensed in another state? Please use a checkmark to select one choice:

- Individual Licensed Certified Public Accountant Public Accounting Firm (IL License) Professional Service Corporation (IL License)
- Out-of-State (Individual / Public Accounting Firm / Professional Service Corporation)

Is the Licensed Certified Public Accountant performing your audit working as an individual licensed in Illinois, or are they working in association with a Public Accounting Firm or a Professional Service Corporation licensed in Illinois, or are they licensed in another state? Please use a checkmark to select one choice:

Enter the active 9-digit License#:	<u>066005204</u>	License Status:	<u>ACTIVE</u>
Business Name:	<u>GW & ASSOCIATES PC</u>	Address 2: _____	
Address:	<u>311 South Halsted Street</u>	State: <u>IL</u>	ZIP: <u>60411-8216</u>
City:	<u>CHICAGO HEIGHTS</u>	Fax: _____	E-Mail: _____
Phone:	_____	Ext. _____	
Last Name:	<u>Wysocki</u>	First Name: <u>John</u>	Title: <u>Partner</u>
Phone:	<u>7087558182</u>	Ext. _____	E-Mail: <u>john.wysocki@cpagwa.com</u>

F12

Non-Critical

Expenditures Exceed Appropriations

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

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

To the Honorable President and Board of Trustees
Police Pension Plan
Village of Lake in the Hills, Illinois

Opinions

We have audited the accompanying financial statements of the Police Pension Fund, a fiduciary component unit of the Village of Lake in the Hills, Illinois as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Police Pension Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Police Pension Fund of the Village of Lake in the Hills, Illinois, as of December 31, 2022, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Police Pension Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Police Pension Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Police Pension Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Police Pension Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

The Police Pension Fund has not presented management's discussion and analysis as required supplementary information that accounting principles generally accepted in the United States of America require to be presented to supplement 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.

In addition, accounting principles generally accepted in the United States of America require that the schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

JW & Associates, P.C.

Hillside, Illinois
April 29, 2024

**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

Assets

Cash	\$	39,660
Investments		
Illinois Funds		2,623,126
IPOPFI Consolidated Pool		41,274,127
Prepaid Items		1,526
Total Assets		<u>43,938,439</u>

Liabilities

Accounts Payable		<u>6,794</u>
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Net Position Restricted for Pension Benefits	\$	<u>43,931,645</u>
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VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

Additions

Contributions

Employer	\$ 6,048,402
Employee	469,241
Total Contributions	<u>6,517,643</u>

Investment Income

Net Appreciation in Fair Value of Investments	(6,744,525)
Interest	372,393
Total Investment Income	<u>(6,372,132)</u>
Less Investment Expense	(50,122)
Net Investment Earnings	<u>(6,422,254)</u>

Total Additions	<u>95,389</u>
-----------------	---------------

Deductions

Pension Benefits	1,489,933
Administrative Expenses	59,934
Total Deductions	<u>1,549,867</u>

Change in Net Position	<u>(1,454,478)</u>
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Net Position Restricted for Pension Benefits

Beginning of Year	<u>45,386,123</u>
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End of Year	<u><u>\$ 43,931,645</u></u>
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**VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION PLAN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 blended fiduciary component unit reported as a pension trust fund of the Village of Lake in the Hills, Illinois (the Village) pursuant to GASB Statement Nos. 61 and 84.

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 fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). 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, 2021 (actuarial valuation date), the Plan membership consisted of:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	21
Inactive Plan Members Entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>40</u>
 TOTAL	 <u><u>65</u></u>

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 greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or 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).

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

2. PLAN DESCRIPTION (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

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 preceding calendar year.

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% of 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, 2022, the Village's contribution was 151.14% of covered payroll.

3. INVESTMENTS

The deposits and investments of the Plan are held separately from those of the Village.

As of June 1, 2022, investments were turned over to the Illinois Police Officers Pension Investment Fund (IPOPIF). The Illinois Police Officers Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report as of June 30, 2022. A copy of that report can be obtained from IPOPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org.

At year-end the Fund has \$41,274,127 invested in IPOPIF measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org.

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

3. INVESTMENTS (Continued)

The Fund retains all its available cash with two financial institutions and with the Illinois Funds. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long term investment for the Fund.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund 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. All deposits with financial institutions are secured by federal depository insurance.

Investment Policy – IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Article 3 of the Illinois Pension Code.

Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.01%.

4. PENSION LIABILITY OF THE VILLAGE

A. Net Pension Liability

Total Pension Liability	\$ 48,750,902
Plan Fiduciary Net Position	43,931,645
Village's Net Pension Liability	4,819,257
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.11%

See the schedule of changes in the employer's net pension liability (asset) and related ratios on pages 12 and 13 of the required supplementary information for additional information related to the funded status of the Plan.

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

The total pension liability above was determined by an actuarial valuation as of December 31, 2021, using the following actuarial methods and assumptions. The total pension liability was rolled forward by the actuary using updating procedures to December 31, 2022.

Actuarial Valuation Date	December 31, 2021
Measurement Date	December 31, 2022
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.25%
Salary Increases	3.75% to 10.77%
Interest Rate	6.75%
Cost of Living Adjustments	3.00% - Tier 1 One Half of CPI-U - Tier 2
Asset Valuation Method	Fair Value

Active mortality rates are based on Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Retiree mortality rates follow the L&A Assumption Study for police 2020. These rates are experience weighted with the Sex Distinct Raw rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS- 2010 Study for Disabled Participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

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)

Spouse Mortality follows the Sex Distinct Raw rates as developed in the PubS- 2010(A) Study for Contingent Survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Other demographic assumption rates are based on a review of assumptions in the L&A 2020 study for Illinois Police Officers.

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 (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 6.75% 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Net Pension Liability (Asset)	\$ 12,754,128	\$ 4,819,257	\$ (1,572,551)

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, 2022 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.

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

FISCAL YEAR ENDED DECEMBER 31	Last Nine Fiscal Years								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service Cost	\$ 914,462	\$ 819,172	\$ 927,272	\$ 989,863	\$ 973,114	\$ 1,017,162	\$ 1,089,035	\$ 1,126,128	\$ 1,134,941
Interest	1,972,342	2,166,890	2,290,894	2,385,137	2,551,157	2,677,085	2,743,686	2,820,349	3,057,382
Changes of Benefit Terms	-	-	-	-	-	171,924	-	-	(21,581)
Differences Between Expected and Actual Experience	723,430	(965,189)	56,947	109,340	(581,406)	127,910	(2,070,960)	(1,476,642)	953,572
Changes of Assumptions	1,077,358	709,326	(862,520)	-	-	463,113	(308,204)	-	-
Benefit Payments, Including Refunds of Member Contributions	(739,738)	(783,911)	(1,002,314)	(1,030,489)	(1,019,055)	(1,135,494)	(1,111,062)	(1,245,771)	(1,489,933)
Net Change in Total Pension Liability	3,947,854	1,946,288	1,410,279	2,453,851	1,923,810	3,321,700	342,495	1,224,064	3,634,381
Total Pension Liability - Beginning	28,546,180	32,494,034	34,440,322	35,850,601	38,304,452	40,228,262	43,549,962	43,892,457	45,116,521
Total Pension Liability - Ending (a)	\$ 32,494,034	\$ 34,440,322	\$ 35,850,601	\$ 38,304,452	\$ 40,228,262	\$ 43,549,962	\$ 43,892,457	\$ 45,116,521	\$ 48,750,902
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,020,259	\$ 1,066,419	\$ 1,248,941	\$ 1,292,435	\$ 1,369,010	\$ 1,370,263	\$ 1,484,407	\$ 1,645,039	\$ 6,048,402
Contributions - Member	328,681	347,585	410,317	379,776	352,025	389,244	439,448	445,060	396,608
Contributions - Other	-	105	-	-	-	-	-	-	72,633
Net Investment Income	1,101,370	(83,151)	1,386,255	3,005,889	(1,388,420)	5,598,402	4,426,285	5,231,524	(6,422,254)
Benefit Payments, Including Refunds of Member Contributions	(739,738)	(783,911)	(1,002,314)	(1,030,489)	(1,019,055)	(1,135,494)	(1,111,062)	(1,245,771)	(1,489,933)
Administrative Expense	11,959	(27,935)	(27,378)	(25,049)	(44,211)	(45,326)	(50,524)	(66,541)	(59,934)
Net Change in Fiduciary Net Position	\$ 1,722,531	\$ 519,112	\$ 2,015,821	\$ 3,622,562	\$ (730,651)	\$ 6,177,089	\$ 5,188,554	\$ 6,009,311	\$ (1,454,478)
Plan Fiduciary Net Position - Beginning	20,861,794	22,584,325	23,103,437	25,119,258	28,741,820	28,011,169	34,188,258	39,376,812	45,386,123
Plan Fiduciary Net Position - Ending (b)	\$ 22,584,325	\$ 23,103,437	\$ 25,119,258	\$ 28,741,820	\$ 28,011,169	\$ 34,188,258	\$ 39,376,812	\$ 45,386,123	\$ 43,931,645
Net Pension Liability - Ending (a)-(b)	\$ 9,909,709	\$ 11,336,885	\$ 10,731,343	\$ 9,562,632	\$ 12,217,093	\$ 9,361,704	\$ 4,515,645	\$ (269,602)	\$ 4,819,257
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.5%	67.1%	70.1%	75.0%	69.6%	78.5%	89.7%	100.6%	90.1%
Covered Payroll	\$ 3,507,517	\$ 3,833,606	\$ 3,628,173	\$ 3,746,089	\$ 3,172,999	\$ 3,276,121	\$ 3,945,289	\$ 3,914,759	\$ 4,001,969
Net Pension Liability as a Percentage of Covered Payroll	282.5%	295.7%	295.8%	255.3%	385.0%	285.8%	114.5%	-6.9%	120.4%

Notes to Required Supplementary Information

Year Ended December 31, 2020 - There was a change with respect to actuarial assumptions to reflect revised expectations with respect to the marital assumption for retiree and disabled members to the actual spousal data.

Year Ended December 31, 2019 - There was a change with respect to actuarial assumptions to reflect revised expectations with respect to inflation rate, individual pay increases, mortality rates, mortality improvement rates, retirement rates, termination rates, disability rates and marital assumptions. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

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.

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.

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

FISCAL YEAR ENDED DECEMBER 31	Last Ten Fiscal Years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 913,030	\$ 1,018,934	\$ 1,067,861	\$ 1,250,911	\$ 1,293,479	\$ 1,370,179	\$ 1,372,114	\$ 1,498,027	\$ 1,634,382	\$ 1,435,317
Contributions in Relation to the Actuarially Determined Contribution	914,128	1,020,259	1,066,419	1,248,941	1,292,435	1,369,010	1,370,263	1,484,407	1,645,039	6,048,402
Contribution Deficiency (Excess)	(1,098)	(1,325)	1,442	1,970	1,044	1,169	1,851	13,620	(10,657)	(4,613,085)
Covered Payroll	3,194,090	3,507,517	3,833,606	3,628,173	3,746,089	3,172,999	3,276,121	3,945,289	3,914,759	4,001,969
Contributions as a Percentage of Covered Payroll	28.62%	29.09%	27.82%	34.42%	34.50%	43.15%	41.83%	37.62%	42.02%	151.14%

Notes to the 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	11 Years
Asset Valuation Method	Five-Year Smoothed Fair Value
Return on Investments	6.75%
Inflation	2.25%
Salary Increases	3.75% to 10.77%
Payroll Growth	3.25%
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Appropriate

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

	Last Nine Fiscal Years								
FISCAL YEAR ENDED DECEMBER 31	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.49%	-41.00%	6.07%	12.09%	-4.88%	20.20%	13.75%	13.50%	2.01%

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



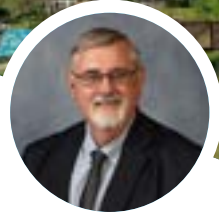
VILLAGE OF LAKE IN THE HILLS, ILLINOIS

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2022



"Full Moon...Still Waters"
Allison Wisniewski, 2022 Photo Contest Entrant



Village President
Ray Bogdanowski

A MESSAGE FROM THE PRESIDENT

Village of Lake in the Hills Residents and Businesses:

It is with great pride that the Village of Lake in the Hills, Illinois Board of Trustees and I present to you the Village’s Popular Annual Financial Report (PAFR). This PAFR is specifically designed to be readily accessible and easily understandable to residents, employees, the general public, and other interested parties without needing a background in public finance. The PAFR draws out highlights and important elements from the Village’s Annual Comprehensive Financial Report (ACFR) that conforms to generally accepted accounting principles (GAAP). The PAFR publication is not required by any regulatory body or state statute. Rather, this document is entirely elective on the part of the Village.

The Village of Lake in the Hills’ ACFR is over 100 pages long and contains more detailed financial information. While the ACFR is fully compliant with GAAP and has received an unqualified (“clean”) opinion from independent auditors, the document may be overwhelming for many. As such, the Village is pleased to offer the PAFR, which concisely summarizes significant financial information that may be of interest to our stakeholders.

The Government Finance Officers Association (GFOA) of the United States and Canada, the recognized national association of government finance officers, encourages governments to publish PAFRs. However, only a small percentage of state and local governments in the United States choose to do so. Thus, in publishing a PAFR, the Village joins an exclusive group of progressive governments making an extra effort to communicate clear and concise financial information to its constituents.

The PAFR is intended to make the Village’s finances more understandable to a wider audience. The PAFR, ACFR, and Annual Budget are all posted on the Village’s website. The Village will continue to make financial presentations and transparency a priority and provide open communication with its residents and businesses.

We hope you find the 2022 PAFR to be a valuable resource that provides insightful information. As always, if you ever have a question about the Village’s finances, please do not hesitate to contact our Finance Director/Treasurer, Peter J. Stefan, at pstefan@lith.org.

Sincerely,

Ray Bogdanowski
Village President

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GOVERNMENT ORGANIZATION

How is the Village of Lake in the Hills Government Organized?

The Village operates under the Trustee-Village form of Government. Policy making and legislative authority are vested in the Village Board, which consists of a Village President and six Trustees all elected from the Village at large. All elected officials, including a Village Clerk, serve four-year staggered terms. The Village Board is responsible for establishing policy, passing ordinances, adopting the budget, appointing committees, and hiring the Village Administrator.

The Village Administrator is responsible for carrying out policies and ordinances of the Village Board and for overseeing the day-to-day operations of the Village with the exception of the Police Department whose operations are overseen by the Chief of Police. Municipal services are delivered by five Village departments: Administration, Community Development, Finance, Police, and Public Works.



Village President
Ray Bogdanowski



Village Clerk
Shannon DuBeau



Village Trustee
Stephen Harlfinger



Village Trustee
Bob Huckins



Village Trustee
Bill Dustin



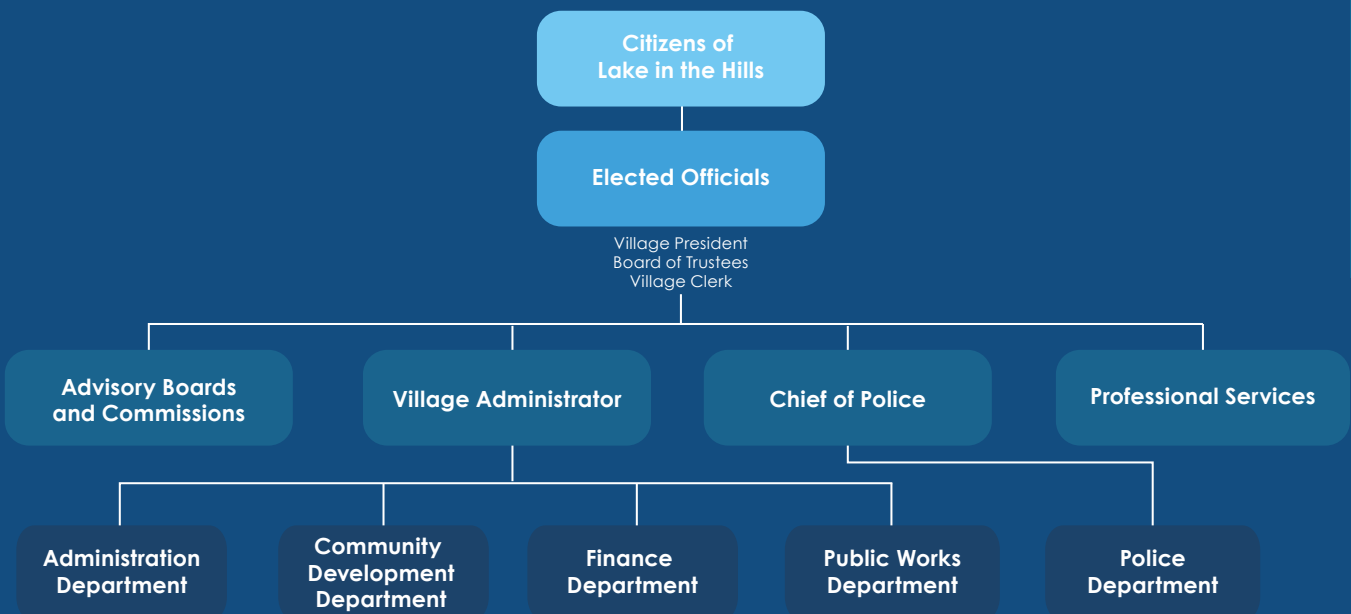
Village Trustee
Suzette Bojarski



Village Trustee
Diane Murphy



Village Trustee
Wendy Anderson



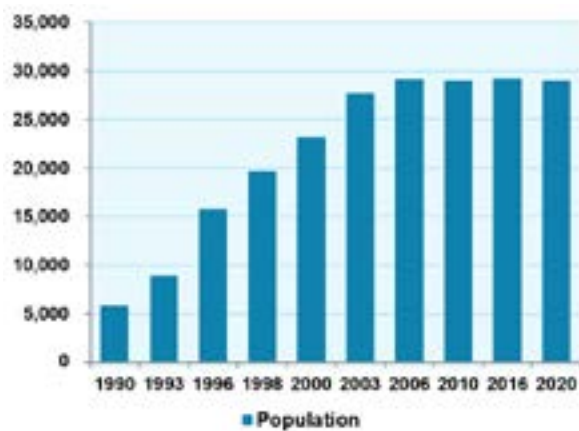


VILLAGE PROFILE

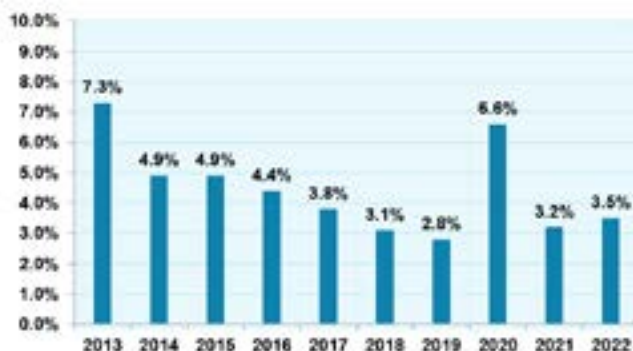
The Village of Lake in the Hills was incorporated in 1952 and is located in Illinois, approximately 47 miles northwest of the City of Chicago. The Village occupies over 10 square miles, and has approximately 91 miles of streets. The population of the Village grew ever so slightly from 28,965 in the 2010 census to 28,982 in the 2020 census. There has been significant growth in population since the early 1990's due to the development of the west side of the Village. Because the population is over 25,000 residents, the Village is considered a

home rule community. Home rule communities in Illinois have greater control of their finances because of additional revenue generating abilities. There are approximately 126 full-time equivalent employees that work for the Village of Lake in the Hills. There are four elementary schools and one middle school located in the Village within districts 158 and 300. Both districts have created initiatives to provide its students with high quality education.

Population



Unemployment Rate



Top Five Employers

	# OF EMPLOYEES
School District 158	440
Costco Wholesale	266
School District 300	198
Village of Lake in the Hills	194
Lowe's Home Center Inc.	141

Principal Property Taxpayers

TAXPAYER	TAXABLE ASSESSED VALUE
Costco Wholesale Corp	\$3,851,991
Randall Algonquin Plaza LLC	\$3,048,279
AL MC LITH Assoc LLC	\$2,773,050
AMH 2014 2 Borrower LLC	\$2,626,832
LITH Alg Road LLC	\$2,483,897
Lowe's Home Centers Inc	\$2,146,800
Amerco Real Estate Co	\$2,078,034
All Safe Self Storage LLC	\$1,721,915
1st Midwest Bank Trust 12871	\$1,709,505
Prairie Stone Shops LLC	\$1,588,243



“Walk The Fen”

Denise Wells, 2022 Photo Contest Entrant

QUICK FACTS

Demographics

GENERAL POPULATION CHARACTERISTICS (2020 CENSUS)

Households, 2020	9,848
Persons per Household, 2020	2.9

HOUSEHOLD INCOME, 2018-2022 (AMERICAN COMMUNITY SURVEY)

Median Household Income (in 2022 dollars)	\$110,988
Per Capita Income in Past 12 Month	\$42,778

HOUSEHOLD INCOME COMPOSITION (%)

Less than \$25,000	5.1
\$25,000-\$49,999	9.6
\$50,000-\$74,999	14.1
\$75,000-\$99,999	15.1
\$100,000-\$149,999	23.7
\$150,000 and Over	18.9

HOUSEHOLD SIZE, 2018-2022 (AMERICAN COMMUNITY SURVEY) (%)

1-Person Household	17.5
2-Person Household	26.6
3-Person Household	19.6
4-Person Household	36.3

EDUCATIONAL ATTAINMENT, 2018-2022 (AMERICAN COMMUNITY SURVEY) (%)

Less than High School Diploma	3.6
High School Diploma or Equivalent	23.6
Some College, No Degree	23.4
Associate's Degree	10.4
Bachelor's Degree	27.8
Graduate or Professional Degree	11.3

MEDIAN AGE, 2018-2022 (AMERICAN COMMUNITY SURVEY)

35.9

AGE COMPOSITION (%)

Under 5	6.6
5 to 19	23.3
20 to 34	18.7
35 to 49	22.6
50 to 64	19.4
65 to 74	5.7
75 to 84	3.2
85 and Older	0.5

RACE AND ETHNICITY, 2018-2022 (AMERICAN COMMUNITY SURVEY) (%)

White	78.6
Hispanic or Latino (of Any Race)	15.6
Black (Non-Hispanic)	2.9
Asian (Non-Hispanic)	7.0
Other/Multiple Races (Non-Hispanic)	9.0



OPERATIONAL ACHIEVEMENTS

The Village once again achieved great success in 2022. We would like to share some of the more significant achievements with our readers:

Community and Economic Development

An economic incentive agreement was entered into with DM LITH, LLC (i.e. Culvers) involving a rebate of sales tax revenue that became effective with the restaurant's opening in March, 2022. This is viewed as a win-win agreement as the developer received an incentive to locate the business in the Village and the Village receives ongoing sales tax revenue. The tax rebate agreement offers reimbursement to the owner for 60% of all sales taxes generated by the project in the first three years of operation. Additionally, it reimburses 50% of all sales taxes above \$2,500 generated by the project in any quarter after the first three years until the entire \$300,000 incentive is realized.

Other new businesses that opened in 2022 include Taquitos Mexican Taco Bar, Northern Illinois Fire Museum, Animal Hospital of Randall Plaza, and new retail tenants in shopping centers along Lakewood Road, Ackman Road, and Randall Road. Two senior housing projects continued to advance through their various development phases - Melody Living Phase 2 on Harvest Gate and Arden Rose Assisted Living on Oak Street.

Playground, Park, and Facility Updates

Village park improvements in 2022 included resurfacing of the Reed Road bike path, reconstruction of a portion of the Sunset Park bike path, and replacement of the swing sets at Normandy Park.

Infrastructure Maintenance

Infrastructure maintenance projects undertaken in 2022 included replacing 392 sidewalk squares, crack sealing over 3.2 miles of pavement, paving over 107 tons of asphalt while patching roadways, applying pavement rejuvenator to over 5.1 miles of resurfaced roads, and applying thermoplastic road striping to 20% of all Village roadways. A total of 11 roadway segments were resurfaced in 2022 as the Village was able to maintain an impressive overall roadway condition index of 77 out of 100 for all roadway segments.

The Water Division had Cathodic Protection Rectifiers installed at Towers 1 & 2 to ensure that the systems operate at the proper protective levels to prevent metal loss and corrosion within the tanks. Well House improvements included replacement of five electric heaters at Well 12 and replacement of the exhaust system at Well 15, as well as upgrades to the interior and exterior lighting at Well 15 to LED technology.

Airport improvements included completion of the runway 8/26 rehabilitation project with a local cost of only \$14,000 out of a total project cost of \$2.6 million. The balance of the funding came from federal and state grants.

Woods Creek Stabilization

The Village also progressed in its multi-year Woods Creek streambank stabilization project. The Reach 10 phase was completed in 2020 with the stabilization of approximately 1,817 linear feet of streambank. The project fulfilled the first phase of a three-phase plan to improve the streambank's surface. and

OPERATIONAL ACHIEVEMENTS

(Continued)

groundwater quality from Algonquin Road to Woods Creek Lake. In 2021, design work for the Reach 11 phase was completed for the next 5,226 linear feet of streambank. Construction of that phase was completed in Fiscal Year 2022.

Police Department Safety Grants

The Police Department was awarded six grants in Fiscal Year 2022 for program enhancements:

- \$33,115 - Body Worn Cameras Grants
- \$4,623 - Bulletproof Vests Grant
- \$42,173 - Local Alcohol Program Grant
- \$500 - Peer Jury Program Grant
- \$16,592 - Starcom 21 Radio System Grant
- \$25,110 - Sustained Traffic Enforcement Program Grant

Recreation Programs and Village-Wide Events

A multitude of recreation programs and other Village-wide events were held in 2022 that will carry over into 2023 as well. Some of the more popular programs and events that residents can attend or enroll in are:

- Preschool Academy
- Day Camp
- Beyond the Bell After School Program
- Pond Hockey Tournament
- Ice Fishing Tournament
- Rec2U Program (Portable Programs Delivered to Village Parks)

- Public Works Open House
- Summer Sunset Festival
- Police National Night Out
- Trick-or-Treating at the Safety Education Center

All of these programs and more are advertised in one or more of the seasonal recreation brochures, the Village's website, the Village's social media accounts, Village marquees, local radio stations, and/or electronic or print newsletters.

New Police Facility

In Fiscal Year 2022, the Village created a new fund, the Police Facility Fund, which will capture the costs of a new Police Facility estimated to cost approximately \$27 million. \$10.3 million of General Fund reserves were transferred into the fund during the year which, along with future transfers and investment earnings, is expected to provide funding for 50% of the project with the remaining 50% to be funded with a bond issue.

Village's 70th Anniversary

The Village celebrated its 70th anniversary in 2022 and marked the occasion with several special events throughout the year in addition to adopting a new 70th anniversary logo for use throughout all of 2022.





GENERAL FUND

The General Fund is the Village's primary operating fund, which supports core municipal services.

- Various types of taxes provide most of the revenues for the General Fund.
- The five General Fund Departments are comprised of four functions: General Government, Public Safety, Public Works, and Recreation. General Government includes Administration, Finance, and Community Development.
- The Village maintains a minimum fund balance in its General Fund of at least 25% of the previous fiscal year's total operating expenditures.

Revenue Trends

- Overall, total General Fund revenues increased by \$6.0 million or 29% from 2021 due in large part to a \$3.9 million Coronavirus State and Local Fiscal Recovery Funds grant received under the American Rescue Plan Act. These funds were accounted for under the revenue replacement provisions which allowed the Village to allocate the funds towards any general government service it provides.
- The "Leveling the Playing Field for Illinois Retail Act" passed by the State that became effective in 2021 continues to benefit the Village. This Act requires online retailers to remit sales tax based on the delivery address or destination point which benefits Lake in the Hills since the Village is weighted more towards residential development. Total sales tax revenue increased by \$0.9 million or 15% in 2022.
- The Village also benefited from the first full year of operations of RISE which was McHenry County's first cannabis dispensary that generated \$621,578 in Cannabis Home Rule Tax in 2022 which was a 60% increase over the first partial year of operations in 2021.
- Income tax revenue for the Village increased by 22% from \$3.9 million in 2021 to \$4.7 million in 2022. Individual income tax receipts were stronger than estimated and increased for the fifth consecutive year. Income tax revenue growth is expected to level off in 2023.

- Our largest source of revenue, property taxes, remained flat for existing property owners once again as the Village's 2022 tax levy to be collected in 2023 was the 13th consecutive year that property taxes for existing property owners have either decreased or stayed level. However, the Village did begin to capture property taxes from new construction with the 2022 collections – see "Property Taxes" on page 16 for more details.

Expenditure Trends

Total expenditures in the General Fund increased by \$5.9 million or 34% due primarily to a \$4.8 million increase in Public Safety expenditures. This increase was the result of the approved funding plan for the new Police Facility which called for a supplemental \$4.6 million contribution to the Police Pension Fund to eliminate the unfunded liability in order to free up almost \$1.0 million in contributions annually which will then be diverted towards paying the debt service on the 50% of the project that will be funded with a bond issue.

The remaining \$1.1 million increase in General Fund expenditures was the result of operations in the General Government, Public Works, and Recreation functions returning to pre-pandemic operations in terms of full staffing and purchases of supplies, equipment, and services.

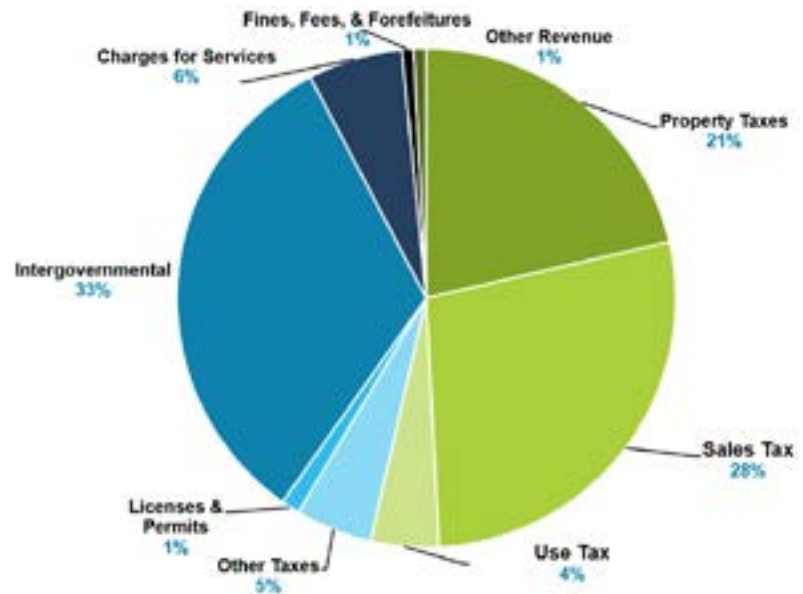
Fund Balance Trends

Since General Fund revenues increased by \$6.0 million while General Fund expenditures increased by \$5.9 million, the fund balance increase in the General Fund due to operations was similar to the \$3.4 million increase in 2021 and actually increased by \$3.5 million in 2022. However, due to the \$10.7 million transferred out to the newly created Police Facility Fund as part of the 50% funding to be provided with reserves, which was partially offset by a \$0.5 million transfer in by the Water Fund and Airport Fund, the fund balance of the General Fund actually decreased by \$6.7 million to \$12.5 million. The \$12.5 million ending fund balance equates to 54% of General Fund expenditures which is still well above the 25% required by the Village's fund balance policy.

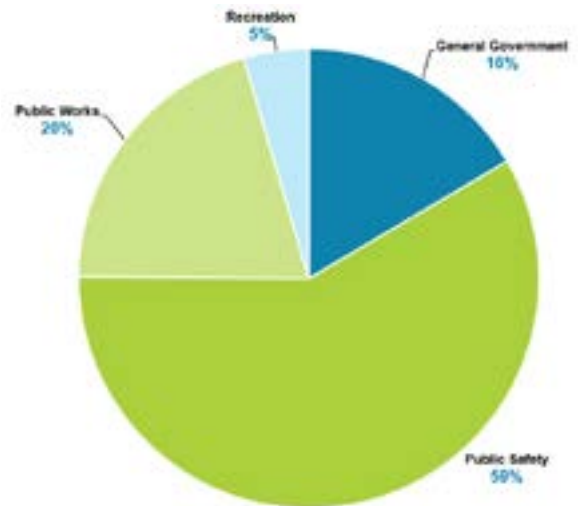
Statement of Revenues, Expenditures, and Changes in Fund Balance

GENERAL FUND (IN MILLIONS)	2020	2021	2022	Inc./ (Dec.)
REVENUES				
Taxes	\$12.2	\$14.2	\$15.7	
Licenses & Permits	\$0.2	\$0.4	\$0.3	
Intergovernmental	\$4.4	\$3.9	\$8.7	
Charges for Services	\$1.0	\$1.7	\$1.6	
Fines, Fees, & Forfeitures	\$0.2	\$0.2	\$0.2	
Investment Income	\$0.5	-	-	
Miscellaneous	\$0.1	\$0.3	\$0.2	
TOTAL REVENUES	\$18.6	\$20.7	\$26.7	29%
EXPENDITURES				
General Government	\$2.7	\$3.3	\$3.8	
Public Safety	\$8.3	\$8.8	\$13.6	
Public Works	\$3.9	\$4.4	\$4.7	
Recreation	\$1.5	\$0.8	\$1.1	
TOTAL EXPENDITURES	\$16.4	\$17.3	\$23.2	34%
EXCESS OF REVENUES OVER EXPENDITURES				
Transfers In	\$0.0	\$0.0	\$0.5	
Transfers Out	(0.0)	(0.0)	(10.7)	
Change in Fund Balance	\$2.2	\$3.4	(6.7)	
Fund Balance, January 1	\$13.6	\$15.8	\$19.2	
Fund Balance, December 31	\$15.8	\$19.2	\$12.5	-35%

General Fund Revenues



General Fund Expenditures



WHAT'S A TRANSFER OUT?

Transfers out are comprised of transfers to the new Police Facility Fund to provide seed money for the construction of the facility which is expected to begin in 2024. General Fund reserves are funding approximately 50% of the construction costs.



WATER FUND

The Water Fund is the Village's largest proprietary revenue source. The Water Division is mainly overseen by Public Works; however, Finance employees also support operations.

- On average, the Village pumped 2.0 million gallons of water on a daily basis from nine different wells in 2022 but 3.5 million gallons was pumped on the peak water consumption day.
- The Village charges \$3.63 per 100 cubic feet of water with a minimum quarterly charge of \$46.55 for 800 cubic feet of water for residential accounts.
- The Village provides water to over 9,500 customers consisting of over 9,300 residential households and over 200 commercial accounts.

Revenue Trends

- Total Water Fund revenues decreased by \$225,462 or 5% from 2021 to 2022.
- Nearly 100% of the revenue in this fund comes from the sale of water and other user fees. The remaining fraction of revenue comes from permits and other miscellaneous income.
- The amount of water consumed in 2022 was less than in 2021 which was the main factor for the 5% decrease in total water sales and services revenue as water consumption returned to 2020 levels.
- Real estate taxes are a new revenue source dating back to 2020 and \$104,120 was generated in 2022 to pay the principal and interest on the 2019 bond issue for water main improvements in an unincorporated area near the southeast section of the Village.

Expense Trends

- The majority of expenses in the Water Fund (44%) are for depreciation and amortization of capital assets. As the Water Fund continues to add more capital assets, the amount of depreciation and amortization will continue to increase on an annual basis as the useful lives of those assets decrease.
- The second largest expense category in the Water Fund is for personal services (31%), which include salaries and other employee benefits needed to run the water distribution and treatment system.
- Total operating expenses decreased by a significant 14% or \$565,390 from 2021 to 2022. However, the underlying reason for this decrease was a change in the method of allocating General Fund support service costs to the Water Fund. Instead of charging a percentage of every support staff's salary and benefits directly to the Water Fund, those costs are fully accounted for in the employee's home department in the General Fund and then reimbursed by a corresponding transfer in from the Water Fund. The transfer out in the Water Fund in 2022 was \$504,976 which is almost identical to the decrease in operating expenses.

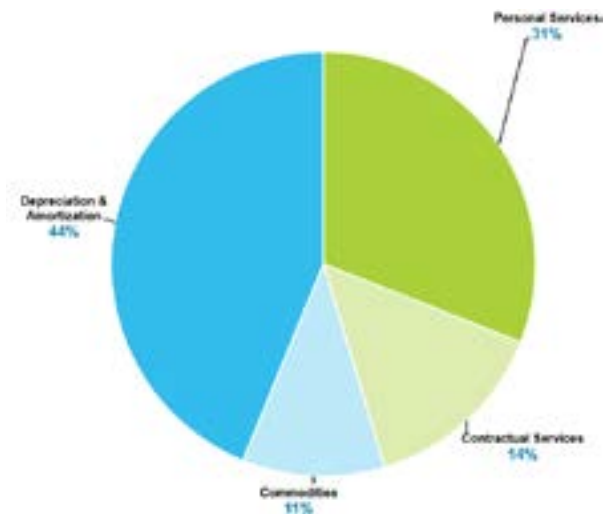
Net Position Trends

Net position increased by \$129,846 in 2022 even after factoring in depreciation and amortization expenses indicating that the water rate is covering all expenses.

Statement of Revenues, Expenses, and Changes in Net Position

WATER FUND	2020	2021	2022	Inc./ (Dec.)
OPERATING REVENUES				
Water Sales & Services	\$4,141,500	\$4,354,659	\$4,132,400	
Permits & Other Misc. Income	\$2,358	\$12,655	\$9,452	
TOTAL OPERATING REVENUES	\$4,143,858	\$4,367,314	\$4,141,852	-5%
OPERATING EXPENSES				
Personal Services	\$1,754,759	\$1,534,762	\$1,090,631	
Professional Development	\$3,845	\$6,110	\$10,633	
Contractual Services	\$558,065	\$676,540	\$503,460	
Commodities	\$290,215	\$346,420	\$381,833	
Capital Outlay	\$95,930	\$36,979	\$2,868	
Depreciation & Amortization	\$1,434,054	\$1,494,550	\$1,540,546	
TOTAL OPERATING EXPENSES	\$4,136,868	\$4,095,361	\$3,529,971	-14%
OPERATING INCOME (LOSS)	\$6,990	\$271,953	\$611,881	
NON OPERATING REVENUE (EXPENSES)				
Investment Income	\$49,310	\$5,641	(\$42,081)	
Property Taxes	\$75,372	\$104,199	\$104,120	
Intergovernmental	-	-	\$242	
Interest & Fiscal Charges	(\$55,513)	(\$42,197)	(\$40,572)	
Gain (Loss) on Sale of Fixed Assets	\$13,429	\$24,638	\$1,232	
Total Non-Operating Revenue (EXPENSES)	\$82,598	\$92,281	\$22,941	
NET INCOME (LOSS) BEFORE TRANSFERS	\$89,588	\$364,234	\$634,822	
TRANSFERS OUT	-	-	(\$504,976)	
CHANGE IN NET POSITION	\$89,588	\$364,234	\$129,846	
NET POSITION				
Net Position, January 1	\$40,807,315	\$40,896,903	\$41,261,137	
Net Position, December 31	\$40,896,903	\$41,261,137	\$41,390,983	0%

Water Expenses



"Morning Walk"
Belinda Husak, 2022 Photo Contest Entrant



AIRPORT FUND

The Airport Fund is the Village's second proprietary fund. The Lake in the Hills Airport is a designated FAA reliever airport for Chicago O'Hare Airport.

- The airport rents out a total of 20 hangars, one building, one office space and 58 ground leases.
- There are 117 aircraft based at the airport conducting an estimated 42,000 annual operations (number of takeoffs and landings).
- The airport shut down for two months in 2022 in order to complete the \$2.6 million runway 8/26 rehabilitation project. The Village cost for the project was only \$14,000 with the balance of the funding coming from federal and state grants.
- The final payment of \$71,400 was made in 2022 towards the last remaining bond issue for the airport.
- In 2014 the airport began to sell fuel on-site which has become its main gross revenue source although the purchase of fuel has also become its largest operating expense.
- Rental income remains the largest net revenue source for the airport.

Revenue Trends

- In 2022, 56% of revenue in the Airport Fund was generated by fuel sales, another 39% was received from rental income, and the remaining 5% was the result of commercial activity fees and miscellaneous revenue.

- Fuel sales revenue decreased by \$45,080 or 9% in 2022 due to the runway improvement project forcing the airport to close for two months.
- Similar to fuel sales, rental income was also impacted by the runway project closure as that revenue source declined by \$63,537 or 17%.
- Both fuel sales and rental income are expected to return to previous levels in 2023.

Expense Trends

Expenses increased by \$61,717 or 5% from the prior year. The increase can be attributed entirely to higher depreciation and amortization costs as all other expense categories experienced decreases due to the airport closure for two months in 2022.

Net Position Trends

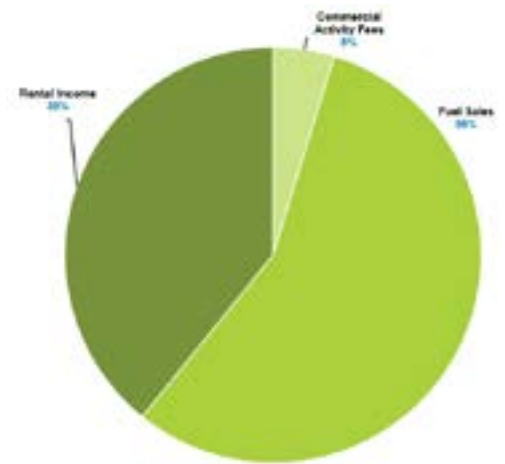
Net position in the Airport Fund decreased by \$69,548 in 2022 due primarily to the loss of rental income and fuel sales profit margins for two months due to the runway closure. The deficit is expected to be reversed in 2023 when operations return to a full 12-month period.

Cash flow also decreased by \$41,112 in 2022. This will also be reversed in 2023 due to the return to twelve full months of operations plus the elimination of debt service payments that totaled \$71,400 in 2022 since all outstanding bond issues have now been paid off.

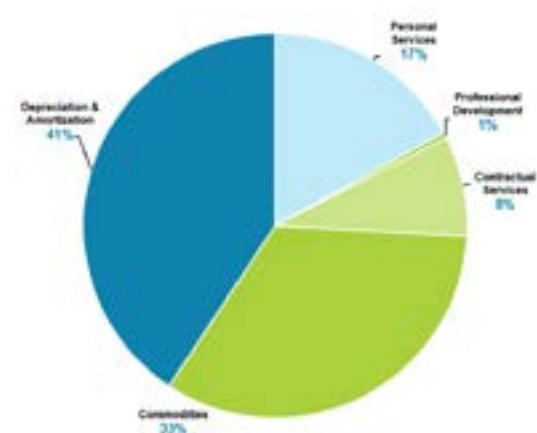
Statement of Revenues, Expenses, and Change in Fund Balance

AIRPORT FUND	2020	2021	2022	Inc./ (Dec.)
OPERATING REVENUES				
Commercial Activity Fees	\$43,661	\$42,367	\$36,515	
Fuel Sales	\$418,899	\$475,771	\$430,691	
Rental Income	\$360,814	\$364,511	\$300,974	
Miscellaneous	\$419	\$2,873	\$1,662	
TOTAL OPERATING REVENUES	\$823,793	\$885,522	\$769,842	-13%
OPERATING EXPENSES				
Personal Services	\$251,929	\$236,620	\$212,226	
Professional Development	\$1,277	\$4,985	\$5,620	
Contractual Services	\$108,961	\$114,955	\$105,127	
Commodities	\$360,538	\$435,907	\$417,073	
Depreciation & Amortization	\$394,340	\$393,500	\$507,638	
TOTAL OPERATING EXPENSES	\$1,117,045	\$1,185,967	\$1,247,684	5%
OPERATING INCOME (LOSS)	(\$293,252)	(\$300,445)	(\$477,842)	
NON OPERATING REVENUE (EXPENSES)				
Investment Income	\$3,787	\$147	\$25,554	
Interest & Fiscal Charges	(\$2,815)	(\$1,665)	(\$361)	
Intergovernmental	\$69,000	\$84,545	\$438,713	
Gain on Sale of Fixed Assets	-	\$485	\$1,193	
Total Non-Operating Revenue (EXPENSES)	\$69,972	\$83,512	\$465,099	
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(\$223,280)	(\$216,933)	(\$12,743)	
NET POSITION				
Contributions	-	\$243,403	\$260	
Transfer Out	-	-	(\$57,065)	
Changes in Net Position	(\$223,280)	\$26,470	(\$69,548)	
Net Position, January 1	\$19,985,179	\$19,761,899	\$19,788,369	
Prior Period Adjustment	-	-	(\$128,415)	
Net Position, December 31	\$19,761,899	\$19,788,369	\$19,590,406	-1%

Airport Revenue



Airport Expenses





REVENUE TRENDS

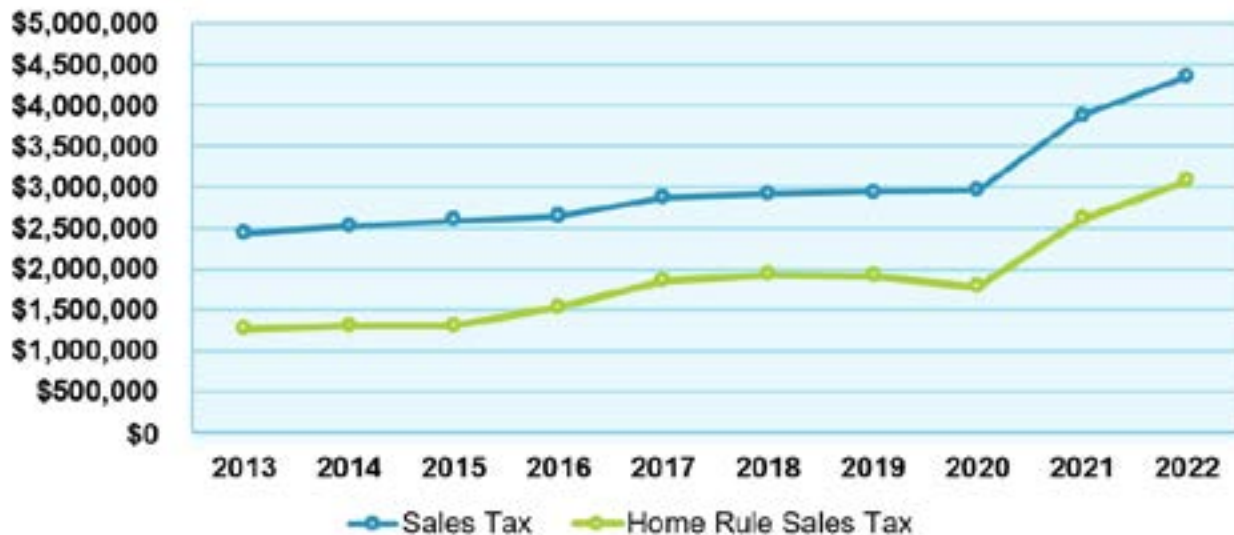
Sales Tax

Sales tax and income tax are two significant governmental revenue sources that the Village relies on to provide a high-level of municipal services to our residents and businesses.

Total sales tax revenue has remained on an upward swing since the recession in 2008-2009 and has shown year-over-year increases every year since 2009 except for 2020 when the pandemic impacted consumer shopping patterns. Along those lines, total sales tax revenue in 2022 increased significantly by \$0.9 million or 15% following a \$1.7 million or 37% increase in 2021.

While pent-up consumer demand coming out of the recession contributed to the increase, the major factor was the “Leveling the Playing Field for Illinois Retail Act” that became effective in 2021. As previously mentioned, this Act requires online retailers to remit sales tax based on the delivery address or destination point which had an extremely positive effect on the Village due to the number of residential housing units located within the Village.

Both general sales tax revenue and home rule sales tax revenue increased significantly by \$479,299 and \$464,123 respectively.





REVENUE TRENDS

Income Tax

Since 2011, income tax revenue has generally trended upward showing year-over-year decreases in only two years.

In 2015, income tax revenue experienced a spike due to higher capital gains taxes paid to the State which were then distributed to municipalities on a per capita basis. This one-time surplus resulted in a decrease in income tax revenue in 2016 when distributions returned to uninflated levels.

Then, in 2017, the State of Illinois changed its per capita

distribution formula and allocated 10% less towards distributions to municipalities.

However, for the past five years, income tax revenue has returned to its general upward trend and 2022 saw a very sizable 22% or \$0.9 million increase following last year's 21% or \$0.7 million increase. The \$4.7 million total for 2022 was easily the highest total the Village has received on an annual basis to date. Income tax revenue growth is expected to level off beginning in 2023.





PROPERTY TAXES

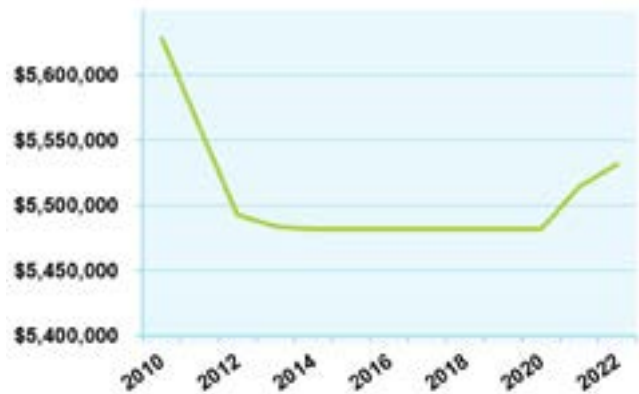
The Village's largest revenue source is the property tax. Property taxes are used to pay for employer pension contributions, payroll taxes, liability and workers compensation insurance coverages, and portions of general operating and public safety costs.

On behalf of our residents and businesses, the Village has kept its portion of the total property tax levy flat or decreased for the last thirteen years since 2009 for existing property owners. However, beginning with the 2021 tax levy collected in 2022, the Village started capturing the increase attributable to new construction. This will not impact existing property owners but will allow the Village to collect property taxes from new construction to help fund the additional demand for Village services created by the new construction. The new construction portion of the property tax levy is expected to generate an additional \$16,710.

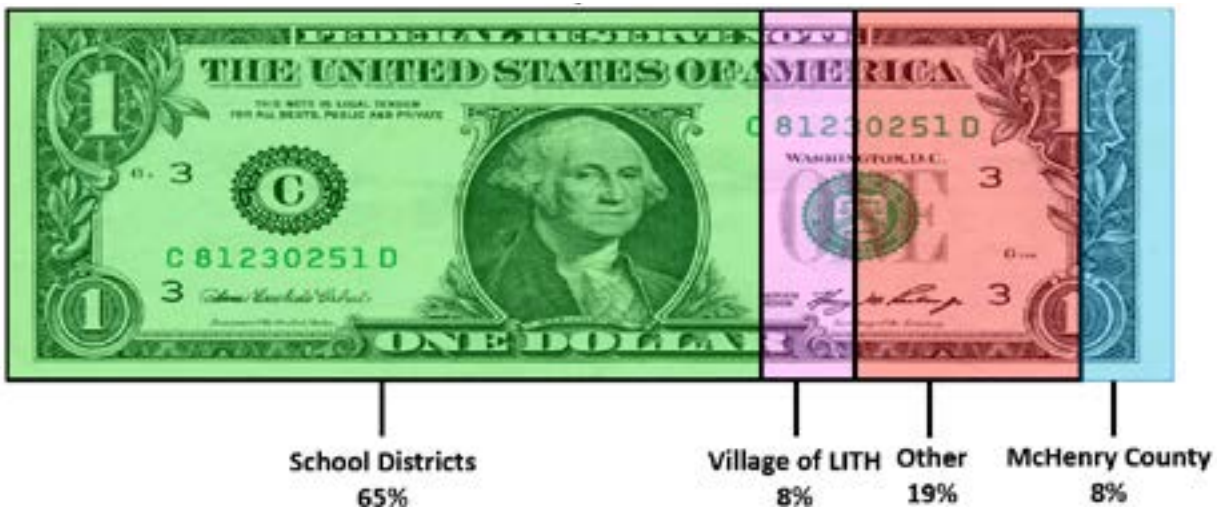
The Village's 2022 levy accounted for 8% of the average property tax bill, while school districts made up 65%, and

McHenry County made up 8%. The remaining 19% classified as "Other" is comprised of townships, fire protections districts, park districts, library districts, the Lake in the Hills Sanitary District, and the McHenry County Conservation District.

Property Tax Levy



2022 Levy Paid in 2023





EXPENDITURE TRENDS

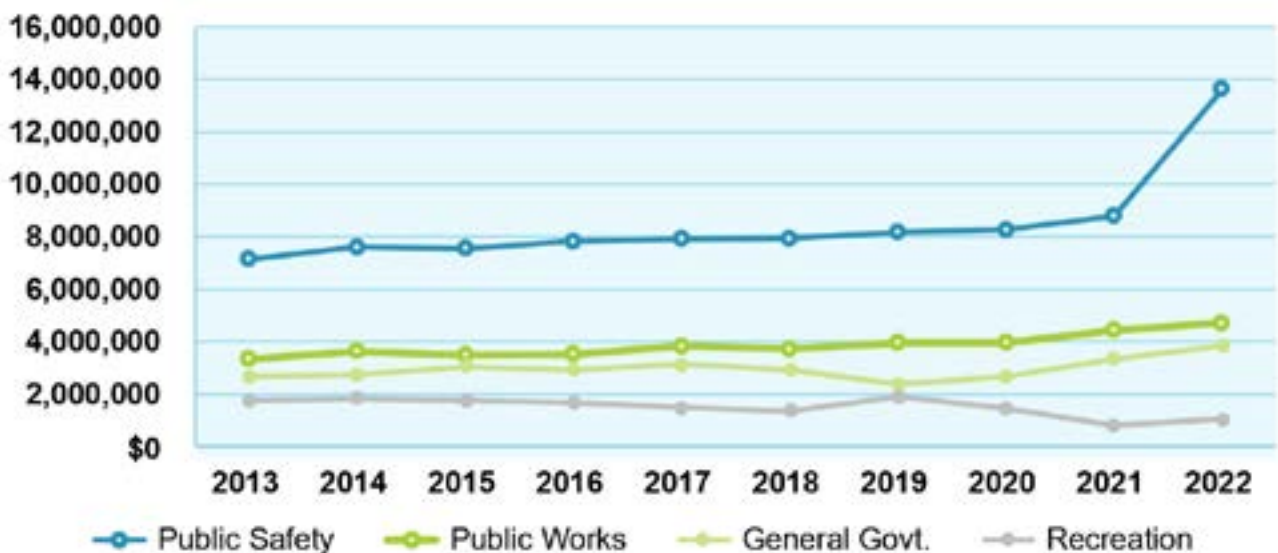
General Fund expenditure trends by function depict two divergent patterns for the various functions. In general, expenditures show a steady upward climb in tandem with inflation throughout the years. However, the effects of the pandemic demonstrate a divergence of sorts.

Both the General Government and Recreation functions showed decreases from their long-term trends during the pandemic as demand for recreation programs fell dramatically with the pandemic related shutdowns, and General Government services showed a decrease as vacancies for non-essential positions were not filled during the pandemic as a cost saving measure.

However, both Public Safety and Public Works continued their general upward trend in expenditures as vital services such as keeping the Village safe and infrastructure maintenance did not take a break during the pandemic.

In 2022, the General Government, Public Works, and Recreation functions all showed increases in line with the long-term inflationary trend line although Recreation is still working to restore demand for recreation programs to pre-pandemic levels.

The Public Safety function on the other hand showed a significant increase in expenditures in 2022 due almost entirely to the previously mentioned funding plan that was approved for the new Police Facility. The plan called for a supplemental \$4.6 million contribution to be made to the Police Pension Fund in 2022 to eliminate the unfunded liability which, in turn, would free up almost \$1.0 million in contributions annually that would then be allocated towards paying the debt service on the 50% of the project that will be funded with a bond issue.





DEBT STATUS

The Village has issued several different forms of debt in the past which have been used to fund significant capital purchases and projects. The Village maintained its credit rating of Aa2 assigned by Moody’s Investors Services in connection with the issuance of the 2019 General Obligation Bonds. Moody’s current Aa2 rating defines the Village’s outstanding debt securities as “judged to be of high quality and are subject to very low credit risk.” A good credit rating benefits the Village because it allows the Village to be more attractive in the debt market and, therefore, reduces debt service costs in the form of lower interest rates if the Village were to issue any additional debt.

In 2017 the Village made the final payment on its 2009 General Obligation Refunding Bonds which were issued to advance refund a Debt Certificate issue that was originally issued in 2002 for the purchase of two parcels of land for open space and recreation purposes. Accordingly, since 2018, the Village has been debt-free as far as governmental activities bonded debt is concerned although the Police Facility funding plan does call for a bond issue to be issued at some point in 2024.

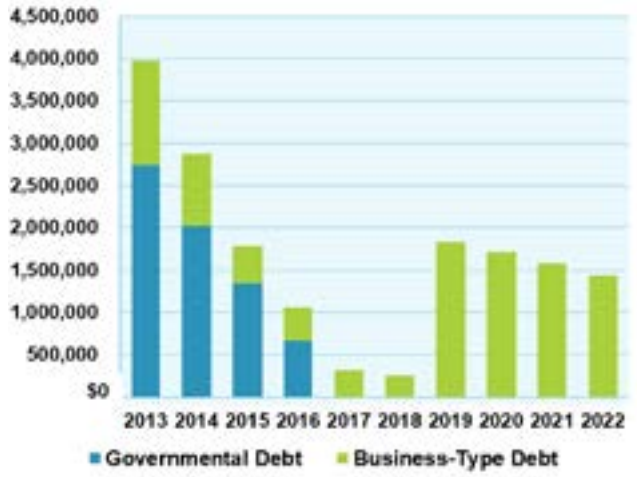
In regards to business-type activities, there is one outstanding debt issue since the Airport Fund made its final payment of \$71,400 in 2022 to pay off the 2012 General Obligation Refunding Bonds. The Village’s only outstanding bond issue is:

- In 2019, General Obligation Bonds were issued to finance water distribution system infrastructure improvements in unincorporated Lake in the Hills. This \$1,495,000 bond issue will be repaid through a separate Special Service Area #51 property tax levy in that defined area.

Additionally, the only pension debt on the books is the \$4.8 million net pension liability for the Police Pension Plan which has a very healthy 90% funded ratio. The Village’s other pension plan for non-sworn employees, the Illinois Municipal Retirement Fund, has an even better funded ratio of 110%.

The extraordinarily well funded status of both of the Village’s pension plans is due to the long-term commitment by the Village Board to adequately fund its annual pension liabilities not just to the State mandated level of a 90% funded level by the year 2040 which the Village has already achieved, but under a more aggressive funding policy of being 100% funded by the year 2033. A 100% funded status is the lowest cost method to pension funding in the long-term as future interest costs are greatly reduced.

Outstanding Debt Principal

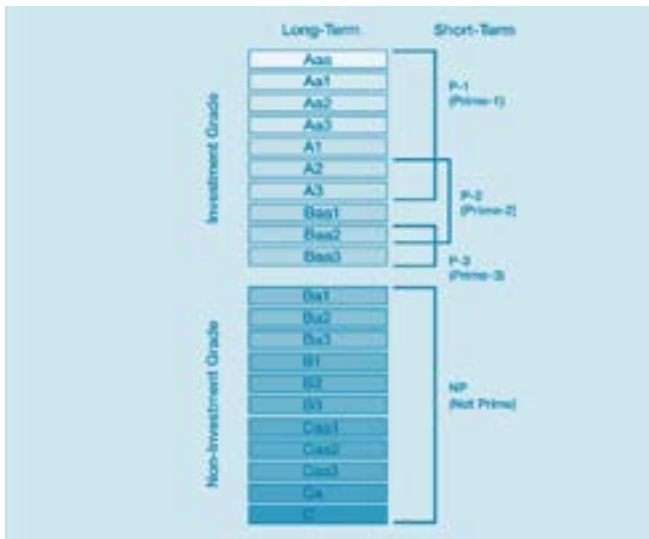




DEBT STATUS

Rating Scale and Definitions

Moody's Rating Scale: The following is a ranking (from highest to lowest) of Moody's long-term and short-term categories. The indicated relationship between long-term and short-term ratings is approximate and may not necessarily apply in all situations.



Moody's Long-Term Rating Definitions: Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.



Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium-grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics.
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default with some prospect of recovery in principal and interest.
C	Obligations rated C are the lowest-rated class of bonds and are typically in default, with little prospect for recovery of principal and interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.



ABOUT THE PAFR

The Popular Annual Financial Report (PAFR) is intended to provide selected information on the Village's financial condition in a summarized, easily understandable format.

Comments or suggestions for improving the document should be addressed to:

Village of Lake in the Hills
Finance Department – PAFR
600 Harvest Gate
Lake in the Hills, IL 60156-4803

Or send an e-mail to our Finance Director, Peter J. Stefan, at pstefan@lith.org.

This PAFR is based upon the Village's Annual Comprehensive Financial Report (ACFR). However, the primary focus of the PAFR is the Village's General Fund, Water Fund, and Airport Fund. These are considered to be the Village's most significant funds. The Village maintains several other accounting funds. For more complete information on the Village's finances, see the ACFR at the following address:

<https://www.lith.org/government/departments/finance/financials/annual-comprehensive-financial-report-acfr>

The Village does not maintain any component units. The Lake in the Hills Sanitary District is a separate governmental entity.





REQUEST FOR BOARD ACTION

MEETING DATE: May 21, 2024

DEPARTMENT: Finance

SUBJECT: Agreement with GW & Associates, PC for Auditing Services for the Fiscal Year Ended December 31, 2023

EXECUTIVE SUMMARY

The Village issued a Request for Proposal in 2023 for Auditing Services, which was awarded to GW & Associates, PC for Fiscal Year 2022 with four optional years for Fiscal Year 2023 through Fiscal Year 2026.

The professional auditing services provided for Fiscal Year 2022 were comprehensive and satisfactory and, therefore, acceptance of the second year of the proposal for Fiscal Year 2023 is recommended at a total cost of \$29,200 which is a \$750 or 2.6% increase over the Fiscal Year 2022 cost.

A Single Audit for federal grants will be necessary in Fiscal Year 2023 due to the completion of the airport runway improvement project in addition to various other smaller federal grants for traffic safety, bulletproof vests, equitable sharing program, etc.

A copy of the engagement letter is attached for your review

FINANCIAL IMPACT

The total fee for auditing services will not exceed \$29,200 which is \$21,900 for the financial audit of the Village, plus \$3,800 for the Single Audit for federal grants, plus \$3,500 for the Police Pension Fund audit. Note that the cost of the Police Pension Fund audit will be split evenly with the Police Pension Fund so the net cost to the Village will be \$27,450.

ATTACHMENTS

1. Engagement Letter with GW & Associates, PC for Auditing Services for the Fiscal Year Ended December 31, 2023

RECOMMENDED MOTION

Motion to approve the engagement letter from GW & Associates, PC for the second year of Auditing Services for the Fiscal Year Ended December 31, 2023 for a total cost not to exceed \$29,200.



May 8, 2024

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

We are pleased to confirm our understanding of the services we are to provide for the Village of Lake in the Hills, Illinois ("the Village") for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the Village as of and for the year ended December 31, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Village's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Village's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budget vs actual schedules for the general fund and any major special revenue funds
- 3) Schedule of changes in the employer's total OPEB liability and related ratios
- 4) Schedules of employer contributions for the pension plans
- 5) Schedules of changes in the employer's net pension liability and related ratios

We have also been engaged to report on supplementary information other than RSI that accompanies the Village's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements:

- 1) Schedule of expenditures of federal awards (if necessary).
- 2) Combining and individual fund financial statements and schedules
- 3) Consolidated Year End Financial Report (required by GATA)

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements,

or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

- 1) Introductory Section
- 2) Statistical Section
- 3) Compliance Section

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), if necessary.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996 (if necessary); and the provisions of the Uniform Guidance (if necessary), and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance (if necessary), and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

As part of our audit planning, we will consider significant risks of material misstatement and will inform you of any such risks identified:

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program (if necessary). However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance (if necessary).

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Village's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Village's major programs (if necessary). For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Village's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance (if necessary).

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards (if necessary), and related notes of the Village in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance (if necessary) based on information provided by you. We will also prepare the annual financial report required by the Illinois State Comptroller based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be

conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes and Illinois State Comptroller's annual financial report services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards, related notes, and annual financial report and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards (if necessary), and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards (if necessary), all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including

noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

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

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete, if necessary, the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Village; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of GW & Associates, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the U.S. Department of the Treasury or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of GW & Associates, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation

to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the U.S. Department of the Treasury. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

John Wysocki is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit in early July, 2024.

Our fee for these services will be as follows:

Audit of the Village	\$21,900
Single Audit (if necessary)	3,800
Audit of the Police Pension Fund	<u>3,500</u>
Total	\$29,200

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the President and Board of Trustees of the Village. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance (if necessary). Both reports will state that the report is not suitable for any other purpose.

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

Very truly yours,



GW & Associates, P.C.

Hillside, Illinois

RESPONSE:

This letter correctly sets forth the understanding of the Village of Lake in the Hills, Illinois.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



REQUEST FOR BOARD ACTION

MEETING DATE: May 21, 2024

DEPARTMENT: Public Works

SUBJECT: Award a contract for Thermoplastic Road Striping

EXECUTIVE SUMMARY

Staff seeks Board approval to award a contract to Superior Road Striping, dba High Star Traffic of Bartlett, IL, for thermoplastic road striping, for an amount not to exceed \$30,000.00.

The Suburban Purchasing Cooperative offers the opportunity for local governmental bodies to participate in joint purchasing programs which benefit from economies of scale and are therefore exempt from the competitive bidding process. They create specifications and solicit competitive bids for a variety of contracts, including the Thermoplastic Lane Marking Contract #229, which was awarded to Superior Road Striping for 2024. Superior Road Striping recently merged with and is doing business as High Star Traffic.

A detailed listing of the contract award, merger letter, and pricing have been attached for your review and consideration. The thermoplastic road striping is part of a five-year thermoplastic road striping maintenance plan to keep all roadway markings visible. In 2024, the estimated quantities and pricing are as follows:

Item	Estimated Quantity	Unit	Unit Price	Total
4" Thermoplastic Marking Line	29,745	LF	\$0.70	\$20,821.50
6" Thermoplastic Marking Line	3512	LF	\$0.90	\$3,160.80
12" Thermoplastic Marking Line	590	LF	\$2.00	\$1,180.00
24" Thermoplastic Marking Line	120	LF	\$4.75	\$570.00
Thermoplastic Marking Letters & Symbols	585	SF	\$4.75	\$2,778.75
Thermoplastic Marking Removal	4,254	SF	\$0.35	\$1,488.90
TOTAL				\$29,999.95

FINANCIAL IMPACT

The Village's 2024 budget includes \$30,000 for thermoplastic road striping within the General Fund. The total expense for 2024 is not to exceed \$30,000.00.

ATTACHMENTS

1. Pricing Sheet
2. Contract Award letter
3. High Star Traffic Letter

RECOMMENDED MOTION

Motion to approve a contract for thermoplastic road striping to Superior Road Striping, dba. High Star Traffic, in an amount not to exceed \$30,000.00.



Thermoplastic Road Striping

Product Information

Contract #229

The SPC Governing Board is pleased to announce the award of Thermoplastic Lane Marking Material & Labor (Contract #229) from April 12, 2024 through April 11, 2025 to Superior Road Striping (dba High Star Traffic), Bartlett, IL with three possible, one-year contract extensions.

Superior Road Striping has combined forces with High Star Traffic and will now be known as High Star. Joe Yario, Paul Chicoine and Mike Traficanti will continue to lead the Illinois Business.

The new contract prices are as follows:

Item	Unit	Unit Price
4" Thermoplastic Pavement Marking Line	LF	\$ 0.70
6" Thermoplastic Pavement Marking Line	LF	\$ 0.90
12" Thermoplastic Pavement Marking Line	LF	\$ 2.00
24" Thermoplastic Pavement Marking Line	LF	\$ 4.75
Thermoplastic Pavement Marking Letters & Symbols	SF	\$ 4.75
Thermoplastic Pavement Marking Removal	SF	\$ 0.35
4" Urethane Pavement Marking Line	LF	\$ 0.65
6" Urethane Pavement Marking Line	LF	\$ 1.00
12" Urethane Pavement Marking Line	LF	\$ 2.00
24" Urethane Pavement Marking Line	LF	\$ 5.00
Urethane Letters & Symbols	SF	\$ 5.00
Preform Thermoplastic Bike Marking/Chevrons	EA	\$ 350.00
Removal	SF	\$ 0.35

Note: All unit prices are per foot, except Letters & Symbols and Removal, which are priced per square foot.

This award is not in conjunction with the Illinois Department of Transportation, so participating communities may not utilize Motor Fuel Tax (MFT) funds. However, High Star must comply with all IDOT rules and regulations, as well as prevailing wage and certified payroll.

Scheduling and Contact Information

Please contact High Star Traffic directly with any questions and to schedule work for your municipality.

High Star Traffic

225 Miles Pkwy.

Bartlett, IL 60103

Contact: Sandy DeHoyos

SJDehoyos@highstartraffic.com

P: -630-293-0026 ext:3338

HighStarTraffic.com

Attachments

- [2024 Lane Marking Contract](#)
- [High Star Traffic Letter](#)





A Joint Purchasing Program For Local Government Agencies

March 20, 2024

Mr. Brian Patterson
Director of Contracts & Administration
Superior Road Striping, Inc.
225 Miles Parkway
Bartlett, IL 60103

Dear Mr. Patterson,

This letter is to inform you that the Suburban Purchasing Cooperative's Governing Board has approved the award of the SPC 2024 Thermoplastic &/or Urethane Lane Marking Material and Labor Road Marking Program (Contract #229) to Superior Road Striping, Bartlett, IL based on your response as the lowest responsive, responsible bidder and being in compliance with all bid specification requirements.

With the acceptance of this contract, Superior Road Striping, agrees to all terms and conditions set forth in the specifications contained within the Request for Proposals to which you responded. The duration of the contract is Contract shall be in force from April 12, 2024 through April 11, 2025. The SPC reserves the right to extend the contract for up to (3) three additional one-year terms upon mutual agreement on a negotiated basis.

With the acceptance of this contract, Superior Road Striping agrees to all terms and conditions as set forth in the specifications contained within the Request for Proposals to which you responded. This award is not in conjunction with the Illinois Department of Transportation, so participating communities will not be utilizing Motor Fuel Tax (MFT) funds. However, Superior Road Striping must comply with all IDOT rules and regulations, as well as prevailing wage and certified payroll.

The SPC looks forward to another productive year working with Superior Road Striping. Please sign and date the agreement below and return an original to my attention and retain a copy for your files.

Sincerely,

Ellen Dayan, CPPB
NWMC Program Manager for Purchasing

Brian Patterson

3/20/24

Signed: Ellen Dayan 03/20/24
Date

Brian Patterson 3/20/24
Name Date

DuPage Mayors & Managers Conference
1220 Oak Brook Road
Oak Brook, IL 60523
Suzette Quintell
Phone: (630) 571-0480
Fax: (630) 571-0484

Northwest Municipal Conference
1600 East Golf Rd., Suite 0700
Des Plaines, IL 60016
Ellen Dayan
Phone: (847) 296-9200
Fax: (847) 296-9207

South Suburban Mayors And Managers Association
1904 West 174th Street
East Hazel Crest, IL 60429
Kristi DeLaurentiis
Phone: (708) 206-1155
Fax: (708) 206-1133

Will County Governmental League
15905 S. Frederick Street
Plainfield, IL 60586
Cherie Belom
Phone: 815-254-7700



FOR EXTERNAL DISTRIBUTION

January 16, 2024

To our Superior Road Striping Partners,

We are pleased to announce that Superior Road Striping ("Superior") has combined forces with High Star Traffic ("High Star").

This decision was born out of our long-standing history of doing business together and our shared desire to scale operations to achieve a significant opportunity we see in the industry. As demand in the market continues to grow, we believe this merger will greatly benefit our customers by improving and expanding our services.

High Star is part of a partnership with Hastings Equity Partners ("Hastings"). Hastings is a private equity firm that invests in founder-led, family-owned businesses providing mission-critical services. Hastings has 20 years of experience partnering with owner-operators, providing these companies with the additional resources needed to achieve their growth objectives.

Our newly combined company is well positioned on Day 1 to be a leader in the regions we currently serve. Our two businesses have successfully partnered together on select opportunities in the past, and forming a strong relationship among our senior leadership teams. We believe that Superior and High Star will be an excellent fit with each other. We are excited about the future growth opportunities and possibilities this partnership provides.

A note about our owners and management: Joe Yario will remain involved in his current capacity while Paul Chicoine and Mike Traficanti will continue to lead the Illinois business.

We are committed to making this transaction an overwhelming benefit for you as much as ourselves, and to becoming the best partner we can be to those who work with us.

Sincerely,

Joe Yario, Paul Chicoine, and Mike Traficanti



REQUEST FOR BOARD ACTION

MEETING DATE: May 21, 2024

DEPARTMENT: Public Works - Airport

SUBJECT: Airport Ground Lease for Hangar PAP-45

EXECUTIVE SUMMARY

In accordance with Chapter 3.1 of the Lake in the Hills Airport Rules and Regulations, no person shall store any aircraft at the airport except pursuant to a written Lease, license and/or storage agreement approved by the Village. A new ground lease is required upon each change in ownership of a private hangar.

On April 30, 2024, George Urban, representing Aeromedical, LLC, completed the purchase of Hangar PAP-45 from Daniel Shipner. Aeromedical, LLC, a registered entity in good standing with the Illinois Secretary of State, is now the rightful owner of Hangar PAP-45. As per the airport regulations, a new ground lease is required upon each change in ownership of a private hangar.

The proposed initial term of this lease is twenty years, commencing on June 1, 2024, and concluding on May 31, 2044. Additionally, the lease includes options to renew for four additional five-year terms. Mr. Urban has diligently executed all requisite lease documentation and has provided the necessary certificate of insurance.

FINANCIAL IMPACT

The Airport Fund will receive \$2,437.80 annually from the ground lease and \$240 from electrical fees. The rent and fees are subject to annual increases as approved by the Board.

ATTACHMENTS

1. Proposed Ordinance
2. PAP-45 Ground Lease

RECOMMENDED ACTION

Motion to approve the Ordinance Authorizing the Approval of a Ground Lease between the Village of Lake in the Hills and Aeromedical, LLC.

VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2024- _____

**An Ordinance Authorizing the Approval of a Ground Lease
between the Village of Lake in the Hills
and Aeromedical, LLC for PAP-45**

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 to regulate for the protection of the public health, safety, morals and welfare, as granted in the Constitution of the State of Illinois.

WHEREAS, the Village and Aeromedical, LLC wish to enter into a Ground Lease for PAP-45 at the Lake in the Hills Airport for an initial period of 20 years, ending May 31, 2044 with the option to renew for four (4) additional terms of five years; and

WHEREAS, the dimensions of the land area occupied by the outside perimeter of PAP-45 is approximately 42'3"x18' by 16'5"x20'7" of billable hangar space.

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: That the President is hereby authorized to enter into a Ground Lease between the Village and Aeromedical, LLC for PAP-45 at the Lake in the Hills Airport ("Exhibit A"), attached hereto and made a part hereof.

SECTION 2: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any Court of competent jurisdiction to be invalid, such judgment shall not affect, impair, invalidate or nullify the remainder thereof, which remainder shall remain and continue in full force and effect.

SECTION 3: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Passed this 23rd day of May, 2024 by roll call vote as follows:

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

APPROVED THIS 23RD DAY OF MAY, 2024

Village President, Ray Bogdanowski

(SEAL)

ATTEST: _____
Village Clerk, Shannon DuBeau

Published: _____

VILLAGE OF LAKE IN THE HILLS
LAKE IN THE HILLS AIRPORT GROUND LEASE

THIS GROUND LEASE (this “Lease”) made and entered into at Lake in the Hills, Illinois, this 1st day of June, 2024 by and between the Village of Lake in the Hills, an Illinois municipal corporation (the “Lessor”) and Aeromedical, LLC (the “Lessee”).

WITNESSETH:

WHEREAS, the Lessor does hereby let and lease to the Lessee the parcel of property depicted on Exhibit A attached to and by this reference incorporated into this Lease at the Lake in the Hills Airport (the “Airport”), which parcel of property is commonly known as:

[PAP-45]

Lot dimensions 42’3” x 18’ by 16’5” x 20’7” (The “Premises”).
Monthly Land Lease Amount: \$203.15
Electrical Amount: \$20.00

ARTICLE 1: TERM; RENEWAL

1.01 This Lease shall commence on June 1, 2024, and shall continue for a period of 20 years and shall terminate May 31, 2044 (the “Initial Term”) unless sooner terminated as hereinafter provided.

1.02 The Lessee shall have the option to renew this Lease for four (4) additional terms of five years (the “Extension Terms”), which Extension Terms shall commence on the day immediately following the last day of the then existing Term, provided (i) that the Lessee notifies the Lessor in writing (the “Extension Notice”) at least 60 days prior to the expiration of the existing Term that the Lessee intends to renew this Lease for one of the Extension Terms; (ii) that the Lessee is not in default of any obligation or duty imposed upon it by this Lease; and (iii) that the Lessor may increase, modify, or otherwise alter, for the Extension Terms, the amount of rent paid by the Lessee. The Lessor shall notify the Lessee in writing of any rent increase (the “Rental Increase Notice”) within 30 days of receipt of the Extension Notice. In the event the Lessee determines that the rental increase is unreasonable, the Lessee shall have 10 days after Lessor’s delivery of the Rental Increase Notice to elect to terminate this Lease. In the event the Lessee elects to terminate this Lease pursuant to the terms of this Article 1.02, then the Lessee shall provide the Lessor with written notice (the “Termination Notice”) of its intention to do so no later than 10 days after the Lessor’s delivery of the Rental Increase Notice. In the event the Lessor does not receive the Termination Notice within the 10-day period of time, it shall be conclusively presumed that the Lessee has elected not to terminate this Lease

ARTICLE 2: USE

2.01 The Premises shall be used, occupied, and maintained by the Lessee for the sole purpose of supporting an Aircraft Hangar/Storage facility (the “Hangar”) for aircraft owned or

leased by the Lessee and for lease for storage of other aircraft, and uses reasonably incidental thereto, and for no other purpose (the “Approved Uses”).

2.02 The Lessee shall not conduct any business activities or aviation-related activities other than the Approved Uses, unless the Lessee shall also have a separate and valid commercial activity agreement with the Lessor. The Lessee shall comply with (a) all applicable governmental laws, ordinances, codes, rules, and regulations and applicable orders and directions of public officers thereunder and (b) all requirements of carriers of insurance on the Premises respecting all matters of occupancy, condition, maintenance, and use of the Premises, whether any of the foregoing shall be directed to the Lessee or the Lessor, including but not limited to any environmental laws or regulations by any local, state, or federal government and the Airport rules and regulations.

2.03 The Lessee agrees to occupy the entire Premises and to properly maintain and operate the Approved Uses at all times during the term(s) of this Lease.

2.04 The Lessee shall be entitled to the non-exclusive use, in common with other users, of the public facilities of the Airport solely for the purpose of ingress and egress to and from the Premises. The Lessee shall not use the public areas for the transient or permanent tie-down of aircraft or for any purposes other than as expressly permitted by this Lease.

2.05 The Lessee shall, at the Lessee’s own expense, comply with all present and hereinafter enacted environmental laws, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6941 et seq., Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., Safe Drinking Water Act, 42 U.S.C. Section 300 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., and the regulations promulgated thereunder and any other laws, regulations, and ordinances (whether enacted by the local, state or federal governments) now in effect or hereinafter enacted, that deal with the regulation or protection of the environment and hazardous materials. The Lessee shall not cause or permit any hazardous material to be used, generated, manufactured, produced, or stored on, under, or about the Premises. The Lessee shall not keep on the Premises any inflammables, such as gasoline, kerosene, naphtha, or benzine or other volatile chemicals or compounds or explosives or any other articles of intrinsically dangerous nature, except such materials and equipment commonly related to airplane maintenance. The Lessee further shall indemnify, defend, and hold harmless the Lessor from and against any and all liability, loss, damage, expense, penalties, and legal and investigation fees or costs arising from or related to any claim or action for injury or liability brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse effects on, the environment of the Premises.

ARTICLE 3: RENT

3.01 The amount of rent payable to the Lessor (the “Rent”) is set forth on the rent schedule (“the Rent Schedule”) attached to and by this reference incorporated into this Lease as Exhibit B. The Rent, during the term, is subject to rate increases, as approved by the Village Board of Trustees, effective at or near the beginning of each calendar year, up to a maximum 10 percent increase over the prior calendar year’s rent. The first month's Rent shall be paid upon the execution

of this Lease and each month's Rent thereafter shall be paid in advance on or before the first day of a calendar month during the term(s) of this Lease.

3.02 The Lessee shall also pay the Lessor a late charge upon payment of Rent after the tenth day of any month in the amount of 10 percent of the amount owed. Payment of a late charge to the Lessor shall in no way interfere with the Lessee's obligation to pay Rent on the first day of each month. Payment by the Lessee of a late charge shall not be deemed a waiver of or otherwise limit the Lessor's remedies under this Lease.

3.03 The Lessee agrees to pay all rent and any other amount owing hereunder on the due date thereof to the Lessor at its office at 600 Harvest Gate, Lake in the Hills, Illinois, or to such other person at such other address as the Lessor may from time to time designate in writing. The Lessee hereby agrees that the Lessee's obligation to pay such rent and other amounts shall be absolute and unconditional under all circumstances, including, without limitation, the following circumstances: (a) any setoff counter-claim, recoupment, defense, or other right that the Lessee may have against the Lessor, or anyone else for any reason whatsoever; (b) any damage to, loss, or destruction of the Premises or any interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever, unless directly caused by the negligent acts of Lessor; (c) any insolvency, bankruptcy, reorganization, or similar proceedings by or against the Lessee; and (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statutes or otherwise, to terminate, cancel, quit, or surrender any portion of the Premises hereunder except in accordance with the expressed terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except in the event of termination without the fault of Lessee or termination upon change of ownership in accordance with Article 12 of this Lease, or dis-affirmed by the Lessee, all remaining rent payments which would have become due and payable in accordance with the terms hereof had this Lease not been terminated or dis-affirmed in whole or part shall become immediately due and payable. Each rent or any other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

ARTICLE 4: LESSOR'S RIGHT TO RELOCATE LESSEE

4.01 The Lessee acknowledges that at any time during the term(s) of this Lease, the Lessor may need to relocate the Hangar to another comparable location at the Airport (the "Relocation"). In the event the Lessor determines in its sole and absolute discretion that Relocation is necessary, the Lessor shall provide the Lessee with 30 days written notice of its intention to relocate. The Hangar will be relocated to another location that, in the sole discretion of the Lessor, is comparable to the Premises, and the definition of the "Premises" shall be revised to reflect the new location. The Lessor will pay for the following costs of Relocation: preparation of the new site, relocation of the Hangar and hangar facilities onto the new site, and all costs directly associated with the Relocation. The Lessee shall have no right to reimbursement from the Lessor for any costs incurred by the Lessee as a result of the Relocation, except for reasonable costs incurred by the Lessee as a result of Lessor's Relocation actions.

4.02 The Lessor shall not be responsible for theft, loss, injury, damage, or destruction of the Hangar or of any aircraft or other property on the Premises during the Relocation. The Lessee hereby releases and discharges the Lessor for the loss of or damage to the Lessee's property, except for that loss or damage arising out of the Lessor's negligence during the Relocation.

ARTICLE 5: CONDITION OF PREMISES; REPAIR

5.01 The Lessee has inspected the Premises and accepts the Premises in an "as is" condition. The Lessee acknowledges that its decision to enter into this Lease was based on its own knowledge and analysis and not on any representations by the Lessor, and the Lessee waives any and all claims against the Lessor in connections therewith. At the termination of this Lease, the Lessee shall, at Lessee's sole expense, remove the Hangar, including any foundation, and restore the Premises to a natural state, including grading and grass seeding.

5.02 The Lessee agrees, at its sole cost and expense, to repair, replace, or reconstruct the Hangar and other improvements located on the Premises that are damaged or destroyed by fire or other casualty, or required to be repaired, removed, or reconstructed by any governmental or military authority. Such repair, replacement, or reconstruction shall be accomplished within such time as may be reasonable under the circumstances after allowing for delays caused by strikes, lockouts, acts of God, fire, extraordinary weather conditions, or any other cause or casualty beyond the reasonable control of Lessee (the "Reasonable Time Period"). The design and specifications of such repair, replacement, or reconstruction shall be as determined by Lessee; but such work shall restore the Premises to not less than its condition prior to said need for repair.

ARTICLE 6: COVENANTS

The Lessee agrees to all of the following covenants:

(a) The Lessee shall not commit, suffer, or allow to be committed or suffered any acts of waste on the Premises, or commit or permit to be committed any acts which will in any way constitute a public or private nuisance or an unlawful or immoral act. Only the Approved Uses shall be permitted.

(b) All maintenance to the Hangar or other improvements or any repair of damages to same from any cause shall be the sole responsibility of the Lessee and shall be made in the Reasonable Time Period and at the Lessee's expense (unless such damage was caused by the negligence of the Lessor) and same shall comply fully with all applicable laws, ordinances, and other government regulations, codes, and directions.

(c) The Lessee shall not erect or install any sign of any kind anywhere in or on the Premises without the specific prior written consent of the Lessor. In addition, the Lessee shall not use any broadcast or audio advertising media, including but not limited to loudspeakers, phonographs, or radio or television broadcasts, in a manner visible or audible outside of the Hangar.

(d) The Lessee shall not install any exterior lighting or plumbing fixtures, shades, or awnings or exterior decoration or paintings or build any enclosures or audio or television antenna,

loudspeakers, sound amplifiers, or similar devices on the roof or exterior walls of the Hangar without the specific prior written consent of the Lessor.

(e) The Lessee shall store all trash and garbage within proper receptacles in the Hangar and around the Premises. The Lessee shall not burn any trash or garbage of any kind in or about the Premises.

ARTICLE 7: REMEDIES

7.01 In the event of any default by the Lessee with respect to any of the events below and the Lessee's failure to cure said default within 10 days after written notice thereof by the Lessor, the Lessor may immediately terminate this Lease and/or the Lessee's right to possession hereunder, and pursue any other remedy available to the Lessor at law or in equity and including, without limitation, those remedies set forth at the end of this Article, upon the happening of one or more of the following events:

- (a) The making by the Lessee of an assignment for the benefit of the creditors without the written consent of the Village Administrator;
- (b) The operation or supervision of any business other than the Approved Uses conducted in the Premises by the Lessee, or by anyone else, except only with the prior specific written consent of the Lessor;
- (c) The levying of a writ of execution or attachment on or against the property of the Lessee;
- (d) The doing, or permitting to be done, by the Lessee of any act which creates a mechanic's lien or claim therefor against the Premises or any part of the Premises;
- (e) The failure of the Lessee to pay any Rent when due, which shall not be in lieu of any statutorily prescribed remedies for the Lessee's failure to pay Rent but shall be in addition thereto;
- (f) If the estate created hereby shall be taken in execution or by other process of law or if proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or voluntary or involuntary dissolution of the Lessee or composition for the benefit of a creditor or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of the Lessee for any purpose and said proceedings are not dismissed, and any receiver, trustee, or liquidator appointed therein discharged within 10 days after the institution of said proceedings;
- (g) Any failure of the Lessee to keep and perform fully any of its covenants under this Lease;
- (h) The abandonment of the Premises by the Lessee or the discontinuance by the Lessee of the proper maintenance and operation of the Approved Uses for a consecutive period of three months or longer;

- (i) If the Lessee is a corporation, the sale of any of the Lessee's stock pledged for any purpose, whether by virtue of execution or otherwise.

7.02 Upon the event of a default hereunder by the Lessee, the Lessor shall have the right to cure the default, at its option, by any means reasonably necessary. In such event, the Lessee shall reimburse the Lessor for all reasonable costs incurred by the Lessor in curing the default.

7.03 Upon the termination of this Lease or the Lessee's right to possession hereunder, the Lessor may re-enter the Premises using such force as may be necessary and in compliance with applicable law and remove all persons, fixtures, property and equipment therefrom and the Lessor shall not be liable for damages or otherwise by reason of re-entry or termination of possession of the term of this Lease. Upon termination of either the Lessee's right to possession or the Lease, the Lessor shall be entitled to recover immediately an amount equal to the minimum rent for the balance of the term less the amount of any minimum rental obtained from any other lessee for the balance of the term in the event the said premises are re-let. Upon and after entry into possession without termination of this Lease, the Lessor may, but need not, re-let the Premises or any part thereof for the account of the Lessee for such rent, for such time and upon such terms as the Lessor in its sole discretion shall determine.

ARTICLE 8: TAXES

The Premises is owned by the Lessor and is currently tax-exempt. Therefore, in the event the Lessee's operations on the Premises cause a tax to be assessed against, levied upon, or otherwise become payable in respect of the Premises or the use thereof, the Lessee shall pay all taxes relating to the Premises or to this Lease, including all real estate taxes, personal property taxes and leasehold taxes, unforeseen as well as foreseen, that are assessed against, levied upon and become payable in respect of the Premises or the use thereof during the term(s) of this Lease; provided, however, that in the event such taxes are imposed as a result of Lessor's actions under the Lease, then the Lessee shall not be responsible for said taxes. Such payment of taxes by Lessee shall be in addition to the payment of Rent.

ARTICLE 9: INSURANCE; INDEMNIFICATION

9.01 The Lessee shall, at Lessee's sole cost, during the entire term hereof, keep in full force and effect a policy of airport liability and property damage insurance with respect to the Hangar and the Premises or any other occupant of the Premises, in which the limits of public liability shall not be less than \$1 million per occurrence. The policy shall name the Lessor and its trustees, officers, employees, attorneys, legal representatives, and agents as additional insureds and shall contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor 30 days prior written notice thereof. The insurance shall be with companies licensed to do business in the State of Illinois. The insurance shall be in a form reasonably acceptable to the Lessor and a copy of the policy and a certificate of insurance shall be delivered to the Lessor prior to the commencement hereof. In the event the Lessee shall fail to procure said insurance, the Lessor may, but shall be under no obligation to, procure such insurance in which event the Lessee agrees to pay to the Lessor, as additional rent, the amount of premium therefore on the first day of the month following the month in which the Lessor notifies the Lessee of the amount of premium due hereunder.

9.02 The Lessee, shall at the Lessee's sole cost, during the entire term hereof, keep in full force and effect a policy for fire and property damage insurance with respect to the Hangar and all other Lessee property contained on the Premises, as well as all other improvements on the Premises, in such amount and form, and with such companies, as the Lessor may reasonably determine. The Lessee shall, from time to time, as requested by the Lessor, deliver certificates of such insurance verifying coverage to the Lessor.

9.03 Except only to the extent otherwise prohibited by law, the Lessee covenants and agrees to indemnify and hold harmless the Lessor and its trustees, officers, employees, attorneys, legal representatives, and agents from any and all losses, claims, damages, costs, or expenses, including attorney's fees, the Lessor may be required to pay as a result of acts and/or omissions of the Lessee or any agent of the Lessee.

ARTICLE 10: SUBORDINATION

The parties to this Lease desire that this Lease be prior in lien to all other documents, including mortgages, trust deeds, or other encumbrances that may hereafter be recorded against the Premises. Lessee agrees to subordinate any mortgage, trust deed, or other encumbrance that may hereafter be placed on the Premises, or to any advances to be made thereunder and to interest thereon and all renewals, replacements, and extensions thereof, to this Lease; and the Lessee agrees to execute any instrument or instruments which the Lessor may reasonably, at the Lessor's sole and complete discretion, require to effect such subordination, provided that the Lessee and its successors and assigns shall have the right to freely, peaceably, and quietly occupy and enjoy the full possession and use of said premises as long as the Lessee shall not be in default under this Lease, and subject to the Lessor's right to relocate the Lessee as set forth in Article 4 of this Lease. In the event of any mortgagee, trustee, or encumbrancer notifying the Lessee to that effect, this Lease shall be deemed prior in lien to said mortgage, trust deed, or encumbrance whether or not this Lease is dated prior to or subsequent to the date of said mortgage, trust deed, or encumbrance.

ARTICLE 11: IMPROVEMENTS; MECHANIC'S LIENS

11.01 This Section 11.01 is applicable if the Premises are unimproved as of the effective date of this Lease. During the term of this Lease, unless this Lease shall be sooner terminated in accordance with the terms hereof; the Lessee, at its sole cost and expense, shall construct or place on the Premises the Hangar and related improvements in accordance with the Lessee's plans and specifications as set forth in Exhibit C attached to and by this reference incorporated into this Lease (the "Plans"). The Hangar and related improvements shall be constructed in accordance with all applicable federal, state and local laws, codes, ordinances, and regulations and shall have the specific prior written approval of the Lessor.

11.02 All repairs, construction, modifications, alterations, or changes made by the Lessee to the Premises shall be done or contracted for only with the Lessor's specific prior written consent, which the Lessor may withhold for any reason that the Lessor deems sufficient. Notwithstanding anything to the contrary herein, no alterations to the Premises are allowed during the term(s) of this Lease except for the construction of the Hangar and related improvements. Any of the foregoing that the Lessee undertakes shall be done at the Lessee's sole cost and expense and none of the foregoing nor any other act shall be allowed or suffered which may create any

mechanic's lien or claim for lien against the Premises. In the event any lien or claim for lien upon the Lessor's title or the Premises results from any act or neglect of the Lessee, and the Lessee fails to remove said lien or dismiss such claim for lien within 10 days after the Lessors notice to do so, the Lessor may, but need not, remove the lien or satisfy such claim for lien by paying the full amount thereof without any investigation or contest of the validity or amount thereof and the Lessee shall pay the Lessor promptly upon demand, and as additional rent, the amount paid out by the Lessor, including the Lessor's costs, expenses, and counsel fees.

ARTICLE 12: ASSIGNMENT OR SUBLETTING

The Lessee agrees not to assign, encumber, or in any manner transfer this Lease or any interest hereunder and not to permit the use or occupancy of the Premises, whether by license, concession or otherwise by anyone other than the Lessee without the specific prior written consent of the Lessor (which consent shall not be unreasonably denied); provided, however, that the Lessee may sublet the Premises for the remainder of the then existing Term with the prior written consent of the Lessor (which consent shall not be unreasonably denied) and subject to the terms of this Lease. Any assignment or subletting permitted hereunder shall not be deemed to relieve the Lessee of its obligation to pay rental and perform its other obligations hereunder. Consent by the Lessor of one assignment or one subletting or one use or occupancy of the Premises shall not constitute a waiver of the Lessor's rights under this Article as to any subsequent assignments, subletting, or use or occupancy. If the Lessee is a corporation or partnership, and if, during the term of this Lease, the ownership of the shares of stock or partnership interests which constitute control of the Lessee changes by reason of sale, gift, death, or otherwise, the Lessee shall provide the Lessor with written notice and confirmation of the new owner's intent to be bound by the terms of the Lease, along with evidence of the new owner's financial information to insure that the new owner is capable of performing the obligations set forth in this Lease. In the event the Lessor concludes, in the exercise of its discretion, that the new owner is not capable of performing the obligations under this Lease, the Lessor may at any time thereafter terminate this Lease by giving the Lessee written notice of such termination at least 30 days prior to the date of termination stated in the notice. Receipt of rent after such change of control shall not affect the Lessor's rights under the preceding sentence.

ARTICLE 13: UNTENANTABILITY

In the event that the Hangar shall be destroyed or so damaged by fire, explosion, windstorm, or other casualty as to be untenable, the Lessee shall within the Reasonable Time Period secure the Hangar and restore it in accordance with the terms of this Lease and rents due hereunder shall not be abated.

ARTICLE 14: SURRENDER OF PREMISES; HOLD OVER

14.01 At the expiration of the tenancy hereby created, whether by lapse of time or otherwise, or upon termination of the Lessee's right of possession, the Lessee shall immediately surrender possession of the Premises to the Lessor in good condition, and shall remove the Hangar and all other improvements therefrom. If such possession is not immediately surrendered, then the Lessor may immediately enter the Premises and possess itself thereof and remove all persons and effects therefrom using such force as may be necessary and in compliance with applicable law. If the Lessee shall fail or refuse to remove all of the Lessee's property from the Premises, then the Lessee shall be conclusively presumed to have abandoned the same, and title thereto shall thereupon pass to the Lessor without any cost either by set-off; credit, allowance, or otherwise, and the Lessor may at its option accept title to such property, or at the Lessee's expense may remove the same or any part thereof in any manner that the Lessor shall choose and store the same without incurring liability to the Lessee or any other person.

14.02 It is agreed and understood that any holding over by the Lessee of the Premises at the expiration or cancellation of this Lease shall operate and be construed as a tenancy from month to month at a rental of three times the current monthly rental, and in addition the Lessee shall be liable to the Lessor for all loss or damage on account of any holding over against the Lessor's will after the expiration or cancellation of this Lease, whether such loss or damage may be contemplated at this time or not. No receipt or acceptance of money by the Lessor from the Lessee after the expiration or cancellation of this Lease or after the service of any notice, after the commencement of any suit, or after any judgment for possession of the Premises, shall reinstate, continue or extend the terms of this Lease, or affect any such notice, demand, or suit or imply consent for any action for which the Lessor's consent is required or operate as a waiver of any right of the Lessor to retake and resume possession of the Premises and remove the structures.

ARTICLE 15: COSTS AND FEES

The Lessee shall pay upon demand all of the Lessor's costs, charges, and expenses, including fees of attorneys, agents, and others retained by the Lessor, incurred in enforcing any of the obligations of Lessee under this Lease or in any litigation, negotiation, or transaction in which the Lessor shall, without the Lessor's fault, become involved through or on account of this Lease. In the event it becomes necessary for either party hereto to file suit to enforce this Lease or any provision contained herein, the prevailing party in such suit shall be entitled to recover, in addition to all other remedies or damages provided for in this Lease, reasonable attorneys' fees and costs incurred in such suit at trial or on appeal or in connection with any bankruptcy or similar proceeding.

ARTICLE 16: SUCCESSORS AND ASSIGNS

The terms, covenants, and conditions hereof shall be binding upon, apply and inure to the benefit of the heirs, executors, administrators, successors in interest and assigns of; the parties hereto. No rights, however, shall inure to the benefit of any assignee or sub-lessee of the Lessee except only if such assignment or sublease has been specifically consented to by the Lessor in writing as provided herein.

ARTICLE 17: REMEDIES CUMULATIVE

All rights and remedies of the Lessor enumerated in this Lease shall be cumulative and none shall exclude any other right or remedy allowed by law, and said rights and remedies may be exercised and enforced concurrently as often as occasion therefor arises.

ARTICLE 18: ESTOPPEL CERTIFICATE

Each party agrees at any time and from time to time, upon not less than 20 days prior written request by the other, to execute, acknowledge, and deliver to the other a statement in writing certifying that this Lease is unmodified and in full force and effect and the date to which the rental and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser of this leasehold or the fee, or mortgagee or assignee of any mortgage upon this leasehold or the fee of the Premises.

ARTICLE 19: MISCELLANEOUS

19.01 The necessary grammatical changes required to make the provisions of this Lease apply to the past, present, and future and in the plural sense where appropriate and to corporations, associations, partnerships, or individuals, male or female, shall in all instances be assumed as though in each case fully expressed.

19.02 The laws of, but not the conflicts of law rules of, the State of Illinois shall govern the validity, performance, and enforcement of this Lease.

19.03 The headings of several articles contained herein are for convenience only and do not limit or construe the contents of the articles.

19.04 All of the covenants of this Lease are independent covenants. If any provisions of this Lease are found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, then the remainder of the Lease will not be affected, and in lieu of each provision which is found to be illegal, invalid, or unenforceable, there will be added as part of this Lease a provision as similar to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

19.05 Notwithstanding any other provision to the contrary herein, either Lessor or Lessee may, in its sole discretion, terminate this Lease upon 30 day's written notice to the other party.

ARTICLE 20: NOTICES

Any notices required or desired to be given under this Lease shall be in writing and (i) personally served, (ii) given by certified mail, return receipt requested, (iii) given by overnight express delivery, or (iv) given by facsimile transmission, with any such facsimile transmission confirmed by next business day overnight express delivery. Any notice shall be addressed to the party to receive it at the following address or at such other address as the party may from time to time direct in writing:

To the Lessee at:

Aeromedical, LLC / George Urban
122 Boulder Drive
Lake in the Hills, IL 60156

and to the Lessor at:

Village of Lake in the Hills
600 Harvest Gate
Lake in the Hills, Illinois 60156
Attention: Village Administrator

with a copy to:

Village of Lake in the Hills
600 Harvest Gate
Lake in the Hills, Illinois 60156
Attention: Airport Manager

Express Delivery notices shall be deemed to be given upon receipt. Postal notices shall be deemed to be given three days after deposit with the United States Postal Service. Facsimile notices shall be deemed given upon the date of transmission, provided that compliance is made with the remaining obligations of this Article 20.

ARTICLE 21: PRIOR AGREEMENTS

This Lease replaces and supersedes any other written or oral prior agreement, arrangement, or understanding between the Lessee and the Lessor or its agent, which prior agreement(s) shall be considered null and void and of no further effect whatsoever as of the date hereof.

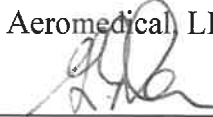
IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year above.

[LESSOR] VILLAGE OF LAKE IN THE HILLS

By: _____
Village President

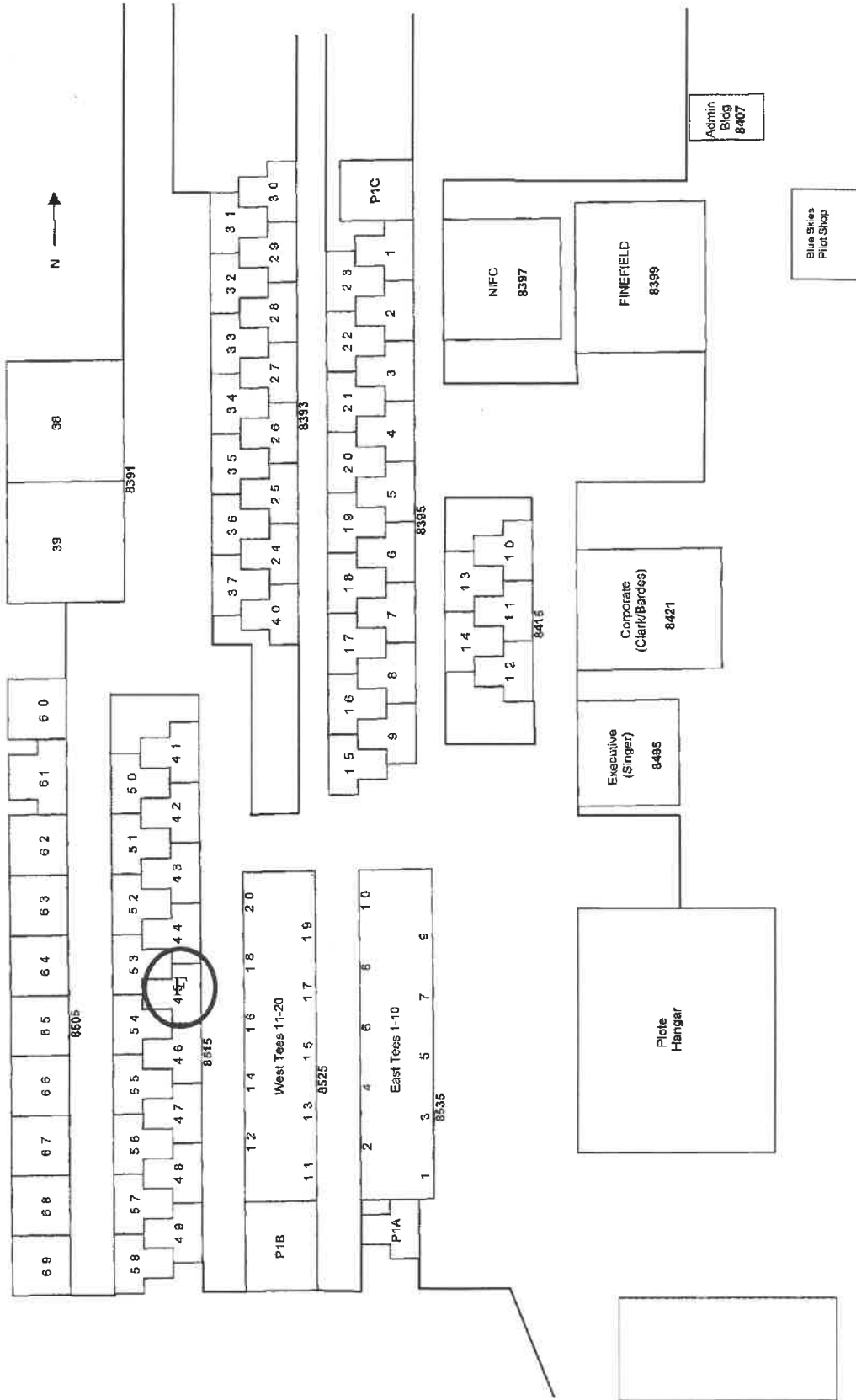
Attest: _____
Village Clerk

[LESSEE] Aeromedical LLC / George Urban

By:  _____

Title: MANAGER

EXHIBIT A PREMISES



**EXHIBIT B
RENT SCHEDULE**

Village Owned Facility Leases and Tie Downs

Description	Rate	Frequency
Hard surface tie downs	\$90.00	Monthly
Grass tie downs	\$60.00	Monthly
East and West T-Hangar Building Leases	\$320.00	Monthly
Maintenance Hangar Building Lease	\$3,086.39	Monthly
8603 Pyott Road Building Lease	\$2,117.43	Monthly
Airport Office Sublease	375.00	Monthly

Description	Rate	Frequency
Grass Tie Down	\$5.00*	Daily
Hard Surface Tie Down or Ramp Area	\$10.00*	Daily
T-Hangar	\$30.00	Daily
Large Aircraft Ramp Fee	\$50.00	Daily

Overnight Transient Storage

*\$5 or \$10 respectively of the overnight transient fees will be waived if the aircraft operator purchases at least 15 gallons of aviation fuel in conjunction with that overnight stay.

Description	Rate	Frequency
Square Hangars	\$13.30*	Cents per Month
T-Hangar Size A (39'3" x 14'8"; 16'6" x 14'7" approx.)	\$195.28	Monthly
T-Hangar Size B (42'3" x 18'; 16'5" x 20'7" approx.)	\$203.15	Monthly
T-Hangar Size C (46' x 21'; 19'6" x 23'8" approx.)	\$218.87	Monthly

Land Leases

*Per square foot of land area occupied based on the outside perimeter of the structure (rounded to the nearest foot) unless otherwise specified in the lease.

**Private Hangar Electrical Service Fee
Monthly Fee by Breaker Size and Configuration**

Breaker Size (Amps)	Monthly Fee (USD)	Comments
20	\$7	Single breaker serves 3 individual hangars
20	\$10	Single breaker serves 2 individual hangars
20	\$20	Fee per individual breaker
30	\$29	Fee per individual breaker
40	\$39	Fee per individual breaker
50	\$49	Fee per individual breaker
60	\$59	Fee per individual breaker

EXHIBIT B
RENT SCHEDULE

Disconnect/Reconnect – Electrical

If a tenant makes a request to the Village to disconnect Village provided electrical service to a private hangar, the disconnection may be completed subject to review to ensure it is feasible to complete the request. If the request is approved the tenant will not be allowed to reconnect to the Village provided electrical service for a period of 12 months. The 12-month period shall start on the date the electrical is disconnected to the private hangar. After the 12-month period, the tenant can submit a request to reconnect to the Village provided electrical service. The Village will charge a fee of \$65.00 to reconnect the Village provided electrical service.

Waiver to Late Fees

If a late fee is assessed according to the lease, a request to waive the late fee may be considered by the Village Finance Department. The late fee may be waived in the event all of the following conditions are met:

1. A written request to waive the late fee must be presented to the Finance Department; and
2. The Finance Department must receive the written request to waive the late fee by the last business day of the month the payment was due and was not received until after the 10th of the same month; and
3. The tenant has displayed a good payment history during the preceding 12 months. A good payment history shall be defined as having a) no late fees posted to the account, and b) no late fee waiver requested for the account during the preceding 12 months and c) no returned payments associated with the account.

**EXHIBIT C
PLANS**

Not applicable.



REQUEST FOR BOARD ACTION

MEETING DATE: May 21, 2024

DEPARTMENT: Public Works - Airport

SUBJECT: Federal Aviation Administration Flight Inspection Agreement

EXECUTIVE SUMMARY

Staff is seeking Board approval of an agreement with the Federal Aviation Administration (FAA) for a Flight Inspection to incorporate new procedures for the newly designed runway, thus removing the Instrument Flight Rules ("IFR") restrictions. IFR are vital for enabling aircraft to operate in a wider range of weather conditions and at any time of day or night.

The Village Board may recall that during the recent airport runway widening project, the displaced thresholds were removed, which triggered the IFR restriction at the airport. The Village is in the final phase of the airport improvement project, which includes an upgrade to the electrical and runway lighting, which is expected to be completed in June. The next step in the process to remove the IFR restriction at the airport is to engage the FAA to perform a flight inspection.

The FAA flight inspection process entails a comprehensive evaluation to verify adherence to necessary safety requirements. Through simulated flight tests and meticulous assessments, FAA inspectors identify any potential hazards or deficiencies that could compromise the safety of air navigation at the new airport.

This inspection ensures that the infrastructure changes to the runway are in compliance with FAA safety standards and regulations. It also ensures that the airport's navigational aids and systems can support IFR operations safely and effectively. These inspections provide assurance to both pilots and passengers that the airport infrastructure is dependable, efficient, and capable of supporting safe operations.

With this inspection, the Village remains on track to have the IFR restrictions lifted in October of this year.

FINANCIAL IMPACT

The total cost of the FAA flight inspection is not to exceed \$21,293.28 and is unreimbursable, without offsetting grant funds. This unanticipated expense was not initially included in the FY24 Budget; however, there are ample funds available within Airport Fund to cover this expense.

ATTACHMENTS

1. Federal Aviation Administration Agreement

RECOMMENDED MOTION

Motion to approve the Non-Federal Reimbursable Agreement with the Department of Transportation Federal Aviation Administration, for Flight Inspection, in an amount not to exceed \$21,293.28.

NON-FEDERAL REIMBURSABLE AGREEMENT

BETWEEN

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION**

AND

**VILLAGE OF LAKE IN THE HILLS
CHICAGO/LAKE IN THE HILLS, IL**

WHEREAS, the Federal Aviation Administration (FAA) can furnish directly or by contract, material, supplies, equipment, and services which the **Village of Lake in the Hills** (Sponsor) requires, has funds available for, and has determined should be obtained from the FAA;

WHEREAS, it has been determined that competition with the private sector for provision of such material, supplies, equipment, and services is minimal; the proposed activity will advance the FAA's mission; and the FAA has a unique capability that will be of benefit to the Sponsor while helping to advance the FAA's mission;

NOW THEREFORE, the FAA and the Sponsor mutually agree as follows:

ARTICLE 1. Parties

The Parties to this Agreement are the FAA-Flight Program Operations and **Village of Lake in the Hills**.

ARTICLE 2. Type of Agreement

This Agreement is an "other transaction" authorized under 49 U.S.C. § 106(l)(6). It is not intended to be, nor will it be construed as, a partnership, corporation, joint venture or other business organization.

ARTICLE 3. Scope

- A. The purpose of this Agreement between the FAA and the Sponsor is to **provide a commissioning flight inspection of the PAPIs/REILs/MIRLs on Rwy 08/26 at Village of Lake in the Hills (K3CK) Chicago/Lake in The Hills, IL**. This Agreement provides funding for the FAA to establish these services. Therefore, this Agreement is titled:

Village of Lake in the Hills, Chicago/Lake in the Hills, IL

- B. The FAA will **perform a commissioning flight inspection of the PAPIs/REILs/MIRLs on Rwy 08/26 at Village of Lake in the Hills (K3CK) Chicago/Lake in The Hills, IL.**
- C. The Sponsor will perform the following activities:
1. Provide funding as estimated in Article 7.
 2. Upon signature and payment of agreement, contact Richard Montgomery at 405-954-0792 or Richard.Montgomery@faa.gov once the site is ready for inspection. You may also call the Oklahoma City Service Center if you have any questions at 405-954-9780.
- D. This agreement is in whole or in part funded with funding from an AIP grant Yes No. If Yes, the grant date is: see below and the grant number is: see below. If the grant information is not available at the time of agreement execution, the Sponsor will provide the grant information to the FAA when it becomes available.

3-17-SBGP-156 – 09/25/2019
3-17-SBGP-184 – 08/23/2022
3-17-SBGP-193 – 09/22/2022

ARTICLE 4. Points of Contact

A. FAA:

1. The FAA, **Flight Program Operations, Program Support Group** will provide administrative oversight of this Agreement. **Shelley Ochs** is the **Agreement Coordinator** and liaison with the Sponsor and can be reached at 405-954-5757 or via email at shelley.d.ochs@faa.gov. This liaison is not authorized to make any commitment, or otherwise obligate the FAA, or authorize any changes which affect the estimated cost, period of performance, or other terms and conditions of this Agreement.
2. The FAA, **Flight Program Operations, Flight Operations Group** will perform the scope of work included in this Agreement. **Richard Montgomery** is the **Lead Scheduler**, Flight Program Operations, and liaison with the Sponsor for any Flight Inspection issues and can be reached at 405-954-9780 or via email at richard.montgomery@faa.gov. These liaisons are not authorized to make any commitment, or otherwise obligate the FAA, or authorize any changes which affect the estimated cost, period of performance, or other terms and conditions of this Agreement.

FAA Contracting Officer: The execution, amendment, and administration of this Agreement must be authorized and accomplished by the **Contracting Officer, Michele Mustin** who can be reached at 405-954-7879 or via email at michele.d.mustin@faa.gov.

B. Sponsor:

Sponsor: Village of Lake in the Hills
ATTN: Derek Rowbotham
Address: 8397 Pyott Road
Lake in the Hills, IL 60156
Phone: 224-241-4188
E-mail: drowbotham@LITH.org

ARTICLE 5. Non-Interference with Operations [RESERVED]

ARTICLE 6. Property Transfer [RESERVED]

ARTICLE 7. Estimated Costs

A. The estimated FAA costs associated with this Agreement are as follows:

DESCRIPTION OF REIMBURSABLE ITEM	ESTIMATED COST
LABOR	
NA	\$0
NON-LABOR	
Flight Inspection	\$19,716.00
Non-Labor Overhead (8%)	\$ 1,577.28
Total Non-Labor	\$21,293.28
TOTAL ESTIMATED COST	\$21,293.28

Detailed Estimate:

Flight Inspection Estimated Cost

<i>Beech Rate \$3,286/hr</i>	Type	Hours	Inspections	Estimated Cost
PAPIs/REILs/MIRLs on Rwy				
08/26 at K3CK	Commissioning	6	1	\$19,716.00
			8% Administrative Overhead	<u>\$ 1,577.28</u>
			Total Estimated Cost	\$21,293.28

B. FAA reserves the right to determine which aircraft will be used for flight inspections. Flight hour rates will be adjusted automatically according to FAA Order 2500.36 (current edition), Application of Flight Hour Rates, or as approved by the Flight Program Executive. The **estimate** is based on rates in effect at the time this Agreement is signed.

- C. Estimated costs contained herein are for planning purposes only and can vary depending on the actual aircraft used, and actual flight hours expended to reach the facility and to accomplish the inspection. As required by regulation, the final bill submitted to the Sponsor will reflect actual hours and costs to the FAA.
- D. Sponsor will be notified of any necessary deviations or changes to the instrument flight procedure and agrees to negotiate with the FAA to resolve additional reimbursement issues exceeding 10% of the cost estimate, in accordance with Article 9.
- E. FAA flight inspection aircraft may be delayed from scheduled itineraries for unanticipated reasons such as a National Airspace System priority, weather, or unscheduled aircraft maintenance. FAA is not responsible for any additional cost the Sponsor may incur if an inspection must be rescheduled.

ARTICLE 8. Period of Agreement and Effective Date

The effective date of this Agreement is the date of the last signature. This Agreement is considered complete when the final invoice is provided to the Sponsor and a refund is sent or payment is received as provided for in Article 9, Section D of this Agreement. This Agreement will not extend more than five years beyond its effective date.

ARTICLE 9. Reimbursement and Accounting Arrangements

- A. The Sponsor agrees to prepay the entire estimated cost of the Agreement. The Sponsor will send an electronic copy of the Agreement to the FAA Agreement Coordinator for FAA signature. The Sponsor will also send a copy of the executed Agreement and submit full advance payment in the amount stated in Article 7 to the Reimbursable Receipts Team listed in Section C of this Article. The advance payment will be held as a non-interest bearing deposit. Such advance payment by the Sponsor must be received before the FAA incurs any obligation to implement this Agreement. Upon completion of this Agreement, the final costs will be netted against the advance payment and, as appropriate, a refund or final bill will be sent to the sponsor. Per U.S. Treasury guidelines, refunds under \$1.00 will not be processed. Additionally, FAA will not bill the sponsor for amounts less than \$1.00.
- B. The Sponsor certifies that arrangements for sufficient funding have been made to cover the estimated costs of the Agreement.

- C. The Reimbursable Receipts Team is identified by the FAA as the billing office for this Agreement. The Sponsor will send an electronic copy of the executed Agreement to the Agreement Coordinator and submit the advance payment to the Reimbursable Receipts Team. The preferred method of payment for this agreement is via Pay.Gov. The sponsor can use a check or credit card to provide funding in this manner and receipt-processing time is typically within 3 working days. Alternatively, the sponsor can mail the payment to the address shown below. All payments mailed to the FAA must include the Agreement number, Agreement name, Sponsor name, and project location. Payments submitted by mail are subject to receipt-processing delay of up to 10 working days.

FAA payment remittance address using USPS or overnight method is:

Federal Aviation Administration
Reimbursable Receipts Team
800 Independence Ave S.W.
Attn: Rm 612A
Washington D.C. 20591
Telephone: (202) 267-1307

The Sponsor hereby identifies the office to which the FAA will render bills for the project costs incurred as:

Village of Lake in the Hills
ATTN: Derek Rowbotham/Joelle Garcia
9010 Haligus Road
Lake in the Hills, IL 60156-6383
847-960-7500
drowbotham@lith.org / jgarcia@lith.org

- D. The FAA will accept payments under this Article from only one of two sources: either (1) the Sponsor or (2) a Third Party on behalf of the Sponsor, and the same source must make all required payments. If a Third Party makes the payments, then any refund due from FAA upon completion of the Agreement will be returned to that Third Party.

- E. The cost estimates contained in Article 7 are expected to be the maximum costs associated with this Agreement, but may be amended to recover the FAA's actual costs. If during the course of this Agreement actual costs are expected to exceed the estimated costs, the FAA will notify the Sponsor immediately. The FAA will also provide the Sponsor an amendment to the Agreement which includes the FAA's additional costs. The Sponsor agrees to prepay the entire estimated cost of the amendment. The Sponsor will send a copy of the executed amendment to the Agreement to the Reimbursable Receipts Team with the additional advance payment. Work identified in the amendment cannot start until receipt of the additional advance payment. In addition, in the event that a contractor performing work pursuant to the scope of this Agreement brings a claim against the FAA and the FAA incurs additional costs as a result of the claim, the Sponsor agrees to reimburse the FAA for the additional costs incurred whether or not a final bill or a refund has been sent.

ARTICLE 10. Changes and Amendments

Changes and/or amendments to this Agreement will be formalized by a written amendment that will outline in detail the exact nature of the change. Any amendment to this Agreement will be executed in writing and signed by the authorized representative of each party. The parties signing this Agreement and any subsequent amendment(s) represent that each has the authority to execute the same on behalf of their respective organizations. No oral statement by any person will be interpreted as amending or otherwise affecting the terms of the Agreement. Any party to this Agreement may request that it be amended, whereupon the parties will consult to consider such amendments.

ARTICLE 11. Termination

In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time prior to its expiration date, with or without cause, and without incurring any liability or obligation to the terminated party other than payment of amounts due and owing and performance of obligations accrued, in each case on or prior to the termination date, by giving the other party at least thirty (30) days prior written notice of termination. Payment of amounts due and owing may include all costs reimbursable under this Agreement, not previously paid, for the performance of this Agreement before the effective date of the termination; the total cost of terminating and settling contracts entered into by the FAA for the purpose of this Agreement; and any other costs necessary to terminate this Agreement. Upon receipt of a notice of termination, the receiving party will take immediate steps to stop the accrual of any additional obligations which might require payment. All funds due after termination will be netted against the advance payment and, as appropriate, a refund or bill will be issued.

ARTICLE 12. Order of Precedence [RESERVED]

ARTICLE 13. Legal Authority

This Agreement is entered into under one or more of the following authorities: 49 U.S.C. § 106(l), 31 U.S. Code 6505 Intergovernmental Cooperation Act. Under these authorities, the Administrator of the FAA is authorized to enter into and perform such contracts, leases, cooperative agreements and other transactions as necessary to carry out the functions of the Administrator and the Administration on such terms and conditions as the Administrator considers appropriate. Nothing in this Agreement will be construed as incorporating by reference or implication any provision of Federal acquisition law or regulation.

ARTICLE 14. Disputes

Where possible, disputes will be resolved by informal discussion between the parties. In the event the parties are unable to resolve any dispute through good faith negotiations, the dispute will be resolved by alternative dispute resolution using a method to be agreed upon by the parties. The outcome of the alternative dispute resolution will be final unless it is timely appealed to the Administrator, whose decision is not subject to further administrative review and, to the extent permitted by law, is final and binding (see 49 U.S.C. § 46110).

ARTICLE 15. Warranties

The FAA makes no express or implied warranties as to any matter arising under this Agreement, or as to the ownership, merchantability, or fitness for a particular purpose of any property, including any equipment, device, or software that may be provided under this Agreement.

ARTICLE 16. Insurance

The Sponsor will arrange by insurance or otherwise for the full protection of itself from and against all liability to third parties arising out of, or related to, its performance of this Agreement. The FAA assumes no liability under this Agreement for any losses arising out of any action or inaction by the Sponsor, its employees, or contractors, or any third party acting on its behalf.

ARTICLE 17. Limitation of Liability

To the extent permitted by law, the Sponsor agrees to indemnify and hold harmless the FAA, its officers, agents and employees from all causes of action, suits or claims arising out of the work performed under this Agreement. However, to the extent that such claim is determined to have arisen from the act or omission by an officer, agent, or employee of the FAA acting within the scope of his or her employment, this hold harmless obligation will not apply and the provisions of the Federal Tort Claims Act, 28 U.S.C. § 2671, et seq., will control. The FAA assumes no liability for any losses arising out of any action or inaction by the Sponsor, its employees, or contractors, or any third party acting on its behalf. In no event will the FAA be liable for claims for consequential, punitive, special and incidental damages, claims for lost profits, or other indirect damages.

ARTICLE 18. Civil Rights Act

The Sponsor will comply with Title VI of the Civil Rights Act of 1964 relating to nondiscrimination in federally assisted programs.

ARTICLE 19. Protection of Information

The parties agree that they will take appropriate measures to identify and protect proprietary, privileged, or otherwise confidential information that may come into their possession as a result of this Agreement.

ARTICLE 20. Security

In the event that the security office determines that the security requirements under FAA Order 1600.72A applies to work under this Agreement, the FAA is responsible for ensuring that security requirements, including compliance with AMS clause 3.14.2.1, Contractor Personnel Suitability Requirements are met.

ARTICLE 21. Entire Agreement

This document is the entire Agreement of the parties, who accept the terms of this Agreement as shown by their signatures below. In the event the parties duly execute any amendment to this Agreement, the terms of such amendment will supersede the terms of this Agreement to the extent of any inconsistency. Each party acknowledges participation in the negotiations and drafting of this Agreement and any amendments thereto, and, accordingly that this Agreement will not be construed more stringently against one party than against the other. If this Agreement is not executed by the Sponsor within 120 calendar days after the FAA transmits it to the Sponsor, the terms contained and set forth in this Agreement shall be null and void. Additionally, the FAA expects this agreement to be funded within 120 days of execution, if funding is not received by that date; the FAA may exercise the right to renegotiate estimated costs.

AGREED:

**FEDERAL AVIATION
ADMINISTRATION**

VILLAGE OF LAKE IN THE HILLS

SIGNATURE _____
NAME Michele Mustin
TITLE Contracting Officer
DATE _____

SIGNATURE _____
NAME Raymond Bogdanowski
TITLE Village President
DATE _____