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# VILLAGE OF ISLAND LAKE, ILLINOIS

FINANCIAL REPORT

Year Ended April 30, 2018

# VILLAGE OF ISLAND LAKE, ILLINOIS

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*Year Ended April 30, 2018*

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# VILLAGE OF ISLAND LAKE, ILLINOIS

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*Year Ended April 30, 2018*

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## INDEPENDENT AUDITOR'S REPORT

To the Village President and  
the Members of the Board of Trustees  
of the Village of Island Lake, Illinois

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Island Lake, Illinois as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Village of Island Lake Police Pension Plan. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village of Island Lake Police Pension Plan is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## Auditor Procedures – general

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Island Lake, Illinois as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

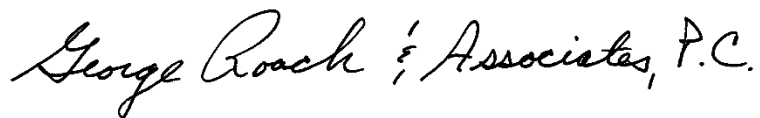
### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Island Lake, Illinois' financial statements as a whole. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate 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 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.

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

A handwritten signature in black ink that reads "George Roach & Associates, P.C." in a cursive script.

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
February 7, 2019

# VILLAGE OF ISLAND LAKE, ILLINOIS

*Management's Discussion and Analysis - Unaudited*

*Year Ended April 30, 2018*

As management of the Village of Island Lake (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the year ended April 30, 2018.

## FINANCIAL HIGHLIGHTS

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- The assets of the Village exceeded its liabilities and deferred inflows at April 30, 2018 by \$36,110,183 (Net Position). Of this amount, (\$3,518,160) is unrestricted net position and may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position decreased by \$1,853,421.
- At April 30, 2018, the Village's governmental funds reported combined ending fund balances of \$614,208, a decrease of \$67,636 from the prior period.
- The Village's total net capital assets decreased by \$391,661 during the year ended April 30, 2018.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

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

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works and transportation, culture and recreation, and economic development. The business-type



# VILLAGE OF ISLAND LAKE, ILLINOIS

*Management's Discussion and Analysis - Unaudited*

*Year Ended April 30, 2018*

activities of the Village include culture and recreation, water and sewer, and refuse. The government-wide financial statements can be found on pages 13 and 14 of this report.

## Fund financial statements

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

## Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains various individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be the Village's main major fund. Data from the other governmental funds are shown on the combining statement.

The basic governmental fund financial statements can be found on pages 13 through 23 of this report.

*Proprietary funds* - The Village maintains one type of proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water services, all of which are considered to be major funds of the Village.

# VILLAGE OF ISLAND LAKE, ILLINOIS

*Management's Discussion and Analysis - Unaudited*  
*Year Ended April 30, 2018*

*Fiduciary funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village utilizes a fiduciary fund to segregate police pension funds. The basic fiduciary fund financial statements can be found on pages 22 and 23 of this report.

## Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 63 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in meeting its obligation to provide as fully adequate as possible services to its residents.

The Village adopts an annual budget for all funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget. The budgetary comparison for the general fund can be found on pages 69 to 75 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred inflows exceeded liabilities and deferred inflows by \$36,110,183 at April 30, 2018.

Of the Village's net position, \$38,969,805 reflects its investment in capital assets (e.g., land, construction in progress, buildings, systems and equipment); less any related outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended April 30, 2018

## Village of Island Lake - Net Position

|                                  | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                  | 4/30/2018               | 4/30/2017            | 4/30/2018                | 4/30/2017            | 4/30/2018            | 4/30/2017            |
| Current and Other Assets         | \$ 2,340,956            | \$ 2,382,674         | \$ 1,599,411             | \$ 1,842,809         | \$ 3,940,367         | \$ 4,225,483         |
| Capital Assets                   | 30,575,456              | 31,129,271           | 9,102,235                | 9,122,081            | 39,677,691           | 40,251,352           |
| <b>Net Total Assets</b>          | <b>\$ 32,916,412</b>    | <b>\$ 33,511,945</b> | <b>\$ 10,701,646</b>     | <b>\$ 10,964,890</b> | <b>\$ 43,618,058</b> | <b>\$ 44,476,835</b> |
| <b>Deferred Outflows - IMRF</b>  | <b>\$ 878,473</b>       | <b>\$ 1,111,912</b>  | <b>\$ -</b>              | <b>\$ -</b>          | <b>\$ 878,473</b>    | <b>\$ 1,111,912</b>  |
| Current Liabilities              | \$ 652,238              | \$ 630,441           | \$ 193,872               | \$ 228,024           | \$ 846,110           | \$ 858,465           |
| Noncurrent Liabilities           | 5,187,555               | 5,210,497            | 208,763                  | 298,044              | 5,396,318            | 5,508,541            |
| <b>Total Liabilities</b>         | <b>5,839,793</b>        | <b>5,840,938</b>     | <b>402,635</b>           | <b>526,068</b>       | <b>6,242,428</b>     | <b>6,367,006</b>     |
| <b>Deferred Inflows -</b>        |                         |                      |                          |                      |                      |                      |
| IMRF                             | 1,082,316               | -                    | -                        | -                    | 1,082,316            | -                    |
| Property taxes                   | 1,243,604               | 1,125,137            | -                        | -                    | 1,243,604            | 1,125,137            |
| <b>Total Deferred Inflows</b>    | <b>2,325,920</b>        | <b>1,125,137</b>     | <b>-</b>                 | <b>-</b>             | <b>2,325,920</b>     | <b>1,125,137</b>     |
| <b>Net Position</b>              |                         |                      |                          |                      |                      |                      |
| Net investment in capital assets | 30,157,570              | 30,338,906           | 8,812,235                | 8,742,081            | 38,969,805           | 39,080,987           |
| Restricted                       | 658,538                 | 773,750              | -                        | -                    | 658,538              | 773,750              |
| Unrestricted                     | (5,004,936)             | (3,587,874)          | 1,486,776                | 1,696,741            | (3,518,160)          | (1,891,133)          |
| <b>Total Net Position</b>        | <b>\$ 25,811,172</b>    | <b>\$ 27,524,782</b> | <b>\$ 10,299,011</b>     | <b>\$ 10,438,822</b> | <b>\$ 36,110,183</b> | <b>\$ 37,963,604</b> |

An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,518,160) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2018, the Village is able to report positive balances in two categories of net position, both for the Village as a whole, as well as for its separate governmental and business-type activities. The Village's net position decreased by \$1,853,421 during the year ended April 30, 2018.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended April 30, 2018

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Village of Island Lake - Statement of Activities and Changes in Net Position

|                                     | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|-------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                     | 4/30/2018               | 4/30/2017            | 4/30/2018                | 4/30/2017            | 4/30/2018            | 4/30/2017            |
| Program Revenues                    |                         |                      |                          |                      |                      |                      |
| Charges for Services                | \$ 1,730,773            | \$ 962,242           | \$ 978,078               | \$ 703,662           | \$ 2,708,851         | \$ 1,665,904         |
| Operating Grants & Contributions    | 58,947                  | 17,163               | -                        | -                    | 58,947               | 17,163               |
| General Revenues                    |                         |                      |                          |                      |                      |                      |
| Property Tax                        | 1,259,968               | 37,802               | -                        | -                    | 1,259,968            | 37,802               |
| Other Tax                           | 367,622                 | 154,363              | -                        | -                    | 367,622              | 154,363              |
| Utility Tax                         | 470,263                 | 248,057              | -                        | -                    | 470,263              | 248,057              |
| Sales Tax                           | 960,222                 | 532,603              | -                        | -                    | 960,222              | 532,603              |
| Income Tax                          | 894,721                 | 434,077              | -                        | -                    | 894,721              | 434,077              |
| Other                               | 51,858                  | 53,934               | 12,875                   | 8,084                | 64,733               | 62,018               |
| Gain on sale of fixed asset         | -                       | -                    | 5,510                    | -                    | 5,510                | -                    |
| Interest                            | 1,072                   | 2,704                | -                        | -                    | 1,072                | 2,704                |
| Total Revenues                      | <u>\$ 5,795,446</u>     | <u>\$ 2,442,945</u>  | <u>\$ 996,463</u>        | <u>\$ 711,746</u>    | <u>\$ 6,791,909</u>  | <u>\$ 3,154,691</u>  |
| Expenses                            |                         |                      |                          |                      |                      |                      |
| General Government                  | \$ 3,147,235            | \$ 974,566           | \$ -                     | \$ -                 | \$ 3,147,235         | \$ 974,566           |
| Public Safety                       | 2,310,249               | 1,327,132            | -                        | -                    | 2,310,249            | 1,327,132            |
| Streets & Roads                     | 1,754,826               | 1,173,195            | -                        | -                    | 1,754,826            | 1,173,195            |
| Culture & Recreation                | 290,683                 | 141,026              | -                        | -                    | 290,683              | 141,026              |
| Interest on Long-Term Debt          | 6,063                   | 14,460               | -                        | 5,012                | 6,063                | 19,472               |
| Proprietary Activities              | -                       | -                    | 1,216,412                | 749,801              | 1,216,412            | 749,801              |
| Total Expenses                      | <u>7,509,056</u>        | <u>3,630,379</u>     | <u>1,216,412</u>         | <u>754,813</u>       | <u>8,725,468</u>     | <u>4,385,192</u>     |
| Capitalized connection fees         | -                       | -                    | 80,138                   | 37,454               | 80,138               | 37,454               |
| Increase (Decrease) in Net Position | (1,713,610)             | (1,187,434)          | (139,811)                | (5,613)              | (1,853,421)          | (1,193,047)          |
| Net Position - Beginning of Year    | 27,524,782              | 28,712,216           | 10,438,822               | 10,444,435           | 37,963,604           | 39,156,651           |
| Net Position - End of Year          | <u>\$ 25,811,172</u>    | <u>\$ 27,524,782</u> | <u>\$ 10,299,011</u>     | <u>\$ 10,438,822</u> | <u>\$ 36,110,183</u> | <u>\$ 37,963,604</u> |

### Governmental activities

Governmental activities decreased the Village's net position by \$1,713,610.

### Business-type activities

Business-type activities decreased the Village's net position by \$139,811.

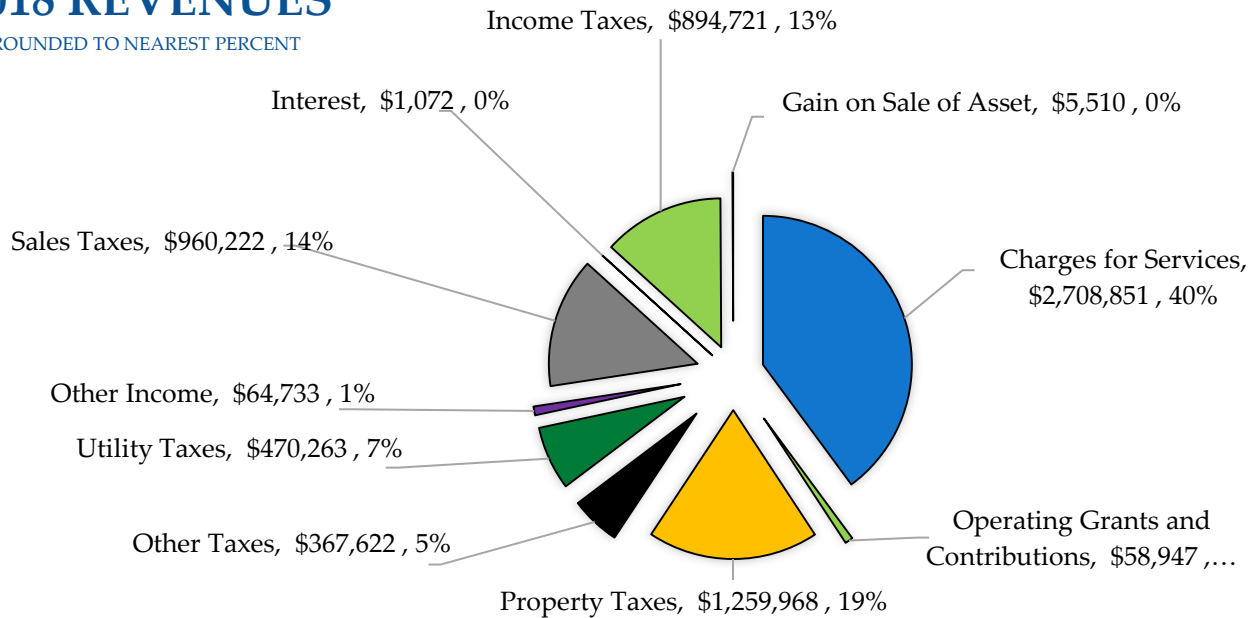
# VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended April 30, 2018

Key elements of the increases to net position by governmental and business type activities are on the following page.

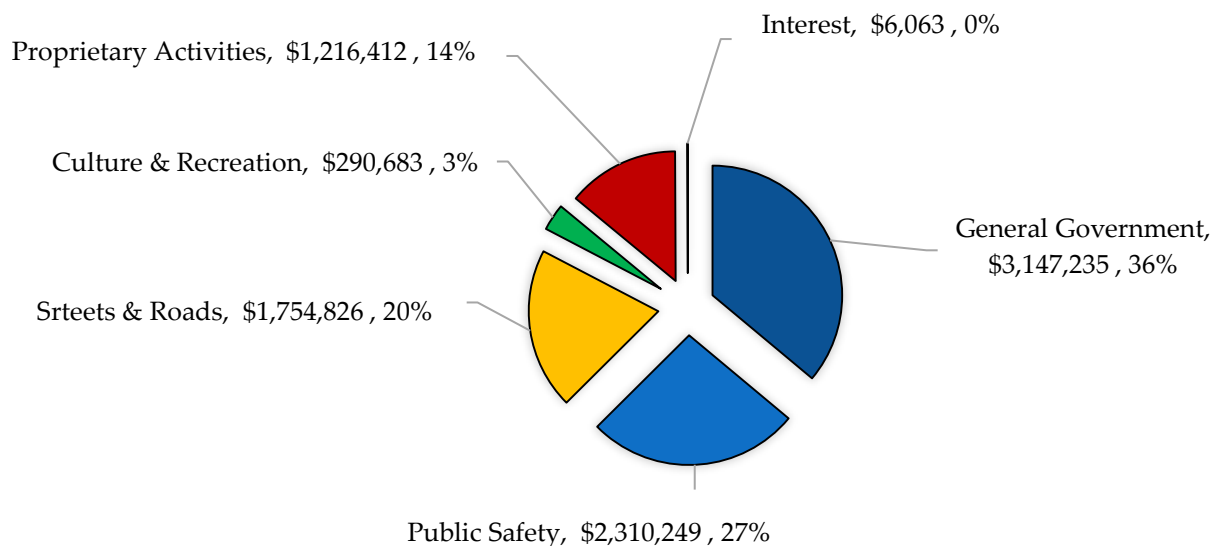
## 2018 REVENUES

ROUNDED TO NEAREST PERCENT



## 2018 EXPENSES

ROUNDED TO NEAREST PERCENT



# VILLAGE OF ISLAND LAKE, ILLINOIS

## Management's Discussion and Analysis - Unaudited

Year Ended April 30, 2018

### Governmental funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At April 30, 2018, the Village's governmental funds reported combined ending fund balances of \$614,208, a decrease of \$67,636 in comparison with the prior period. The fund balance is assigned or restricted to indicate that it is not available for new spending because it has already been allocated for specific restricted purposes.

The General Fund is the chief operating fund of the Village. At April 30, 2018, the fund balance of the General Fund was \$477,220. This represents an increase of \$257,885 compared to the prior period.

### General Fund Budgetary Highlights

Differences between the original budget and the final budget were relatively minor. There were no changes in the total amount of the budget. The Village's estimated expenditures were less than the actual expenditures by \$592,068.

### CAPITAL ASSETS

The Village's capital assets for its governmental and business-type activities as of April 30, 2018 amounts to \$39,859,691 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, systems, and equipment.

#### Village of Island Lake Capital Assets

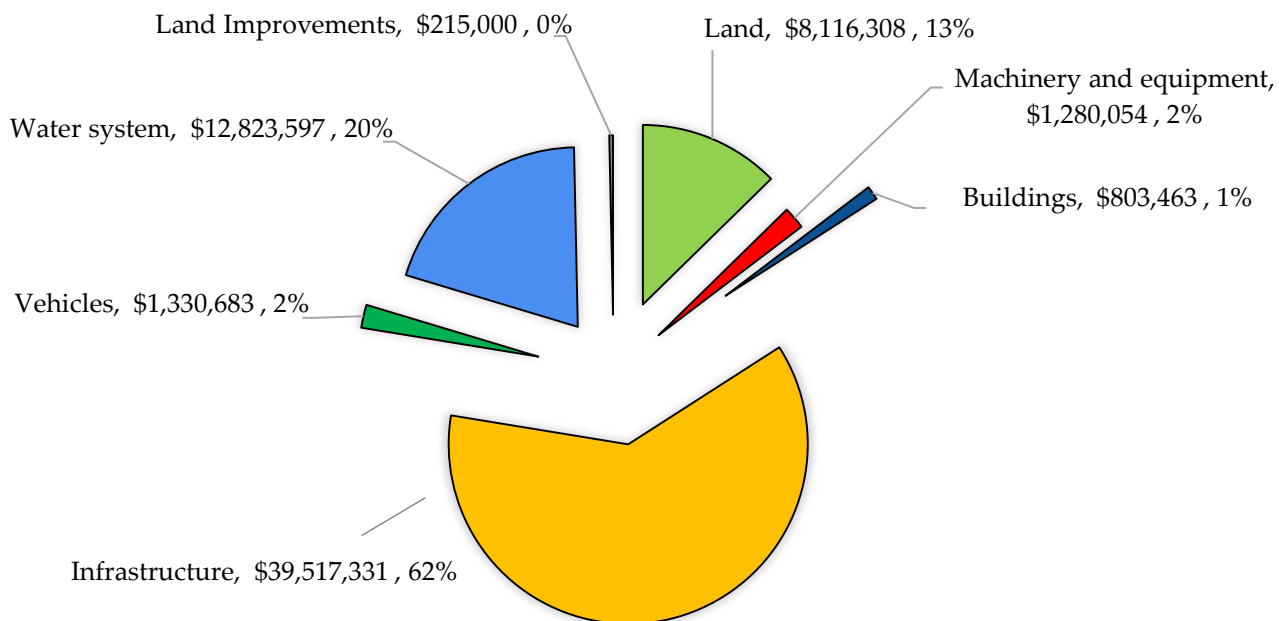
|                          | Governmental Activities |                      | Business Type Activities |                     | Total                |                      |
|--------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                          | 4/30/2018               | 4/30/2017            | 4/30/2018                | 4/30/2017           | 4/30/2018            | 4/30/2017            |
| Land                     | \$ 8,116,308            | \$ 8,104,780         | \$ -                     | \$ -                | \$ 8,116,308         | \$ 8,104,780         |
| Land improvements        | 215,000                 | 215,000              | -                        | -                   | 215,000              | 215,000              |
| Buildings                | 803,463                 | 774,553              | -                        | -                   | 803,463              | 774,553              |
| Machinery and equipment  | 708,998                 | 671,347              | 571,056                  | 594,293             | 1,280,054            | 1,265,640            |
| Vehicles                 | 1,184,067               | 1,184,067            | 146,616                  | 146,616             | 1,330,683            | 1,330,683            |
| Infrastructure           | 39,517,331              | 39,024,337           | -                        | -                   | 39,517,331           | 39,024,337           |
| Water system             | -                       | -                    | 12,823,597               | 12,552,994          | 12,823,597           | 12,552,994           |
| Total Capital Assets     | 50,545,167              | 49,974,084           | 13,541,269               | 13,293,903          | 64,086,436           | 63,267,987           |
| Accumulated depreciation | 19,787,711              | 18,844,813           | 4,439,034                | 4,171,822           | 24,226,745           | 23,016,635           |
| Total Net Capital Assets | <u>\$ 30,757,456</u>    | <u>\$ 31,129,271</u> | <u>\$ 9,102,235</u>      | <u>\$ 9,122,081</u> | <u>\$ 39,859,691</u> | <u>\$ 40,251,352</u> |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended April 30, 2018

Additional information on the Village's capital assets can be found in note 3 on pages 40-41.

## CAPITAL ASSETS (AT COST)



## ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Village for the 2017 levy is \$167,649,165. This represents an increase in EAV of \$9,719,626 over the prior year's EAV. Taxes recorded in these financial statements are from the 2016 levy. A summary of the assessed valuations and extensions for tax years 2017, 2016, and 2015 is found on pages 86 and 87 of this report.

### Description of Current or Expected Conditions

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Village in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

# VILLAGE OF ISLAND LAKE, ILLINOIS

*Management's Discussion and Analysis - Unaudited*  
*Year Ended April 30, 2018*

## Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village of Island Lake, 3720 Greenleaf Avenue, Island Lake, IL 60042.



# VILLAGE OF ISLAND LAKE

## Government-wide - Statement of Net Position

April 30, 2018

|   | Primary Government   |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | Governmental         | Business-Type        |                      |
| Assets                                    | Activities           | Activities           | Total                |
| Cash and equivalents, at cost             | \$ 385,234           | \$ 1,220,513         | \$ 1,605,747         |
| Receivables - net of allowances           | 630,218              | 195,967              | 826,185              |
| Property tax receivable                   | 1,243,604            | -                    | 1,243,604            |
| Engineering escrow                        | 838                  | -                    | 838                  |
| Deposit with paying agent                 | 81,062               | 99,112               | 180,174              |
| Due from other funds                      | -                    | 83,819               | 83,819               |
| <b>Total Current Assets</b>               | <b>2,340,956</b>     | <b>1,599,411</b>     | <b>3,940,367</b>     |
| Fixed assets, net of depreciation         | 30,757,456           | 9,102,235            | 39,859,691           |
| <b>Net Total Assets</b>                   | <b>\$ 33,098,412</b> | <b>\$ 10,701,646</b> | <b>\$ 43,800,058</b> |
| <b>Deferred Pension Outflows</b>          | <b>\$ 878,473</b>    | <b>\$ -</b>          | <b>\$ 878,473</b>    |
| <b>Liabilities</b>                        |                      |                      |                      |
| <b>Current Liabilities</b>                |                      |                      |                      |
| Accounts payable                          | \$ 161,116           | \$ 64,988            | \$ 226,104           |
| Accrued payroll                           | 109,175              | 13,144               | 122,319              |
| Due to Police Pension Fund                | 10,184               | -                    | 10,184               |
| Due to other funds                        | 83,819               | -                    | 83,819               |
| Deposits payable                          | 118,850              | 20,740               | 139,590              |
| Notes payable within one year             | 94,094               | -                    | 94,094               |
| Bonds payable within one year             | 75,000               | 95,000               | 170,000              |
| <b>Noncurrent Liabilities</b>             |                      |                      |                      |
| Notes payable due in more than one year   | 100,792              | -                    | 100,792              |
| Bonds payable due in more than one year   | 330,000              | 195,000              | 525,000              |
| Net pension obligations                   | 4,607,405            | -                    | 4,607,405            |
| Other post-employment benefit obligations | 18,429               | -                    | 18,429               |
| Compensated absences                      | 130,929              | 13,763               | 144,692              |
| <b>Total Liabilities</b>                  | <b>5,839,793</b>     | <b>402,635</b>       | <b>6,242,428</b>     |
| <b>Deferred Inflows - pensions</b>        | <b>1,082,316</b>     | <b>-</b>             | <b>1,082,316</b>     |
| <b>Deferred Inflows - property taxes</b>  | <b>1,243,604</b>     | <b>-</b>             | <b>1,243,604</b>     |
| <b>Total Deferred Inflows</b>             | <b>2,325,920</b>     | <b>-</b>             | <b>2,325,920</b>     |
| <b>Net Position</b>                       |                      |                      |                      |
| Net investment in capital assets          | 30,157,570           | 8,812,235            | 38,969,805           |
| Restricted                                | 658,538              | -                    | 658,538              |
| Unrestricted                              | (5,004,936)          | 1,486,776            | (3,518,160)          |
| <b>Total Net Position</b>                 | <b>\$ 25,811,172</b> | <b>\$ 10,299,011</b> | <b>\$ 36,110,183</b> |

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF ISLAND LAKE

## Government-wide - Statement of Activities and Changes in Net Position

Year Ended April 30, 2018

|                                       | Program Revenues        |  |  | Net Revenue<br>(Expense) and Changes |                             |                    |
|---------------------------------------|-------------------------|--|--|--------------------------------------|-----------------------------|--------------------|
|                                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities           | Business-Type<br>Activities | Totals             |
| <b>Governmental Activities</b>        | <b>Expenses</b>         |  |  |                                      |                             |                    |
| General government                    | \$ 3,147,235            | \$ -                                     | \$ -                                   | \$ (2,038,931)                       | \$ -                        | \$ (2,038,931)     |
| Public safety                         | 2,310,249               | -  | -                                      | (1,894,863)                          | -                           | (1,894,863)        |
| Culture and recreation                | 290,683                 | 58,947                                   | -                                      | (24,653)                             | -                           | (24,653)           |
| Highways and streets                  | 1,754,826               | -  | -                                      | (1,754,826)                          | -                           | (1,754,826)        |
| Interest on long-term debt            | 6,063                   | -  | -                                      | (6,063)                              | -                           | (6,063)            |
| <b>Total Governmental Activities</b>  | <b>7,509,056</b>        | <b>58,947</b>                            | <b>-</b>                               | <b>(5,719,336)</b>                   | <b>-</b>                    | <b>(5,719,336)</b> |
| <b>Business-Type Activities</b>       |                         |  |  |                                      |                             |                    |
| Waterworks                            | 1,211,399               | -  | -                                      | -                                    | (233,321)                   | (233,321)          |
| Interest on long-term debt            | 5,013                   | -  | -                                      | -                                    | (5,013)                     | (5,013)            |
| <b>Total Business-Type Activities</b> | <b>1,216,412</b>        | <b>-</b>                                 | <b>-</b>                               | <b>-</b>                             | <b>(238,334)</b>            | <b>(238,334)</b>   |
| <b>Total Primary Government</b>       | <b>\$ 8,725,468</b>     | <b>\$ 58,947</b>                         | <b>\$ -</b>                            | <b>(5,719,336)</b>                   | <b>(238,334)</b>            | <b>(5,957,670)</b> |

### General Revenues:

|  |                  |  |  |  |               |                  |
|--|------------------|--|--|--|---------------|------------------|
| <b>Taxes</b>                                   |                  |  |  |  |               |                  |
| Property Taxes                                 | 1,259,968        |  |  |  | -             | 1,259,968        |
| Utility taxes                                  | 470,263          |  |  |  | -             | 470,263          |
| Other taxes                                    | 367,622          |  |  |  | -             | 367,622          |
| Intergovernmental -unrestricted                |                  |  |  |  |               |                  |
| Sales taxes                                    | 960,222          |  |  |  | -             | 960,222          |
| Income taxes                                   | 894,721          |  |  |  | -             | 894,721          |
| Interest income                                | 1,072            |  |  |  | -             | 1,072            |
| Gain on sale of fixed asset                    | -                |  |  |  | 5,510         | 5,510            |
| Miscellaneous income                           | 51,858           |  |  |  | 12,875        | 64,733           |
| <b>Total Revenues</b>                          | <b>4,005,726</b> |  |  |  | <b>18,385</b> | <b>4,024,111</b> |
| <b>Connection fees capitalized</b>             |                  |  |  |  | <b>80,138</b> | <b>80,138</b>    |
| <b>Total revenues and other sources/(uses)</b> | <b>4,005,726</b> |  |  |  | <b>98,523</b> | <b>4,104,249</b> |
| Changes in Net Position                        | (1,713,610)      |  |  |  | (139,811)     | (1,853,421)      |
| Net Position Beginning of Year                 | 27,524,782       |  |  |  | 10,438,822    | 37,963,604       |
| Total Net Position, End of Year                | \$ 25,811,172    |  |  |  | \$ 10,299,011 | \$ 36,110,183    |

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF ISLAND LAKE

## Governmental Fund Types - Combined Balance Sheet

April 30, 2018

| Assets                                  | General<br>Fund     | Garbage<br>Fund   | Recreation<br>Fund | Motor<br>Fuel Tax | Debt Service<br>Fund | Total               |
|---|---------------------|-------------------|--------------------|-------------------|----------------------|---------------------|
| Cash and equivalents, at cost           | \$ -                | \$ 53,088         | \$ 97,174          | \$ 300,760        | \$ 101,937           | \$ 552,959          |
| Property taxes receivable, current levy | 1,243,604           | -                 | -                  | -                 | -                    | 1,243,604           |
| Other receivables                       | 378,304             | 251,914           | -                  | -                 | -                    | 630,218             |
| Engineering escrow                      | 838                 | -                 | -                  | -                 | -                    | 838                 |
| Deposit with paying agent               | 81,062              | -                 | -                  | -                 | -                    | 81,062              |
| Due from other funds                    | 545,522             | -                 | -                  | -                 | -                    | 545,522             |
| <b>Total Assets</b>                     | <b>\$ 2,249,330</b> | <b>\$ 305,002</b> | <b>\$ 97,174</b>   | <b>\$ 300,760</b> | <b>\$ 101,937</b>    | <b>\$ 3,054,203</b> |

| Liabilities                              |                  |               |               |                |          |                  |
|--|------------------|---------------|---------------|----------------|----------|------------------|
| Cash Overdraft                           | \$ 167,731       | \$ -          | \$ -          | \$ -           | \$ -     | \$ 167,731       |
| Accounts payable and accruals            | 95,544           | 49,738        | 4,869         | 10,962         | -        | 161,113          |
| Accrued payroll                          | 97,347           | 4,010         | 7,815         | -              | -        | 109,172          |
| Due to police pension fund               | 10,184           | -             | -             | -              | -        | 10,184           |
| Due to other funds                       | 38,850           | 45,252        | -             | 545,239        | -        | 629,341          |
| Due to other governments                 | 19,680           | -             | -             | -              | -        | 19,680           |
| Developer deposits                       | 99,170           | -             | -             | -              | -        | 99,170           |
| <b>Total Liabilities</b>                 | <b>360,775</b>   | <b>99,000</b> | <b>12,684</b> | <b>556,201</b> | <b>-</b> | <b>1,028,660</b> |
| <b>Deferred Inflows - property taxes</b> | <b>1,243,604</b> | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>-</b> | <b>1,243,604</b> |

| Fund Balance   |                     |                   |                  |                   |                   |                     |
|--|---------------------|-------------------|------------------|-------------------|-------------------|---------------------|
| Nonspendable   | -                   | -                 | -                | -                 | -                 | -                   |
| Restricted   | 266,109             | 206,002           | 84,490           | -                 | 101,937           | 658,538             |
| Unassigned   | 211,111             | -                 | -                | (255,441)         | -                 | (44,330)            |
| <b>Total Fund Balance</b>  | <b>477,220</b>      | <b>206,002</b>    | <b>84,490</b>    | <b>(255,441)</b>  | <b>101,937</b>    | <b>614,208</b>      |
| <b>Total Liabilities, Deferred Inflows,<br/>and Fund Balance</b> | <b>\$ 2,081,599</b> | <b>\$ 305,002</b> | <b>\$ 97,174</b> | <b>\$ 300,760</b> | <b>\$ 101,937</b> | <b>\$ 2,886,472</b> |

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF ISLAND LAKE

## Governmental Fund Type - Combined Statement of Revenue, Expenditures and Changes in Fund Balances

Year Ended April 30, 2018

|                                | General<br>Fund  | Garbage<br>Fund | Recreation<br>Fund | Motor Fuel<br>Tax Fund | Debt Service<br>Fund | Total            |
|--------------------------------|------------------|-----------------|--------------------|------------------------|----------------------|------------------|
| <b>Revenue</b>                 |                  |                 |                    |                        |                      |                  |
| Property taxes                 | \$ 1,259,968     | \$ -            | \$ -               | \$ -                   | \$ -                 | \$ 1,259,968     |
| Intergovernmental revenue      | 2,017,065        | -               | -                  | 205,500                | -                    | 2,222,565        |
| Utility taxes                  | 470,263          | -               | -                  | -                      | -                    | 470,263          |
| Fines                          | 416,101          | -               | -                  | -                      | -                    | 416,101          |
| Classes                        | -                | -               | 12,746             | -                      | -                    | 12,746           |
| Craft Fair                     | -                | -               | 3,314              | -                      | -                    | 3,314            |
| Creative playtime              | -                | -               | 69,098             | -                      | -                    | 69,098           |
| Licenses, fees, permits, taxes | 454,160          | 652,666         | -                  | -                      | -                    | 1,106,826        |
| Summer camp                    | -                | -               | 29,673             | -                      | -                    | 29,673           |
| Club fees                      | -                | -               | 95,544             | -                      | -                    | 95,544           |
| Grants and donations           | 783              | -               | 55,633             | -                      | -                    | 56,416           |
| Miscellaneous and other income | 8,086            | 4,239           | 2,162              | 37,371                 | -                    | 51,858           |
| Interest income                | 5                | -               | -                  | 1,067                  | -                    | 1,072            |
| <b>Total Revenue</b>           | <b>4,626,431</b> | <b>656,905</b>  | <b>268,170</b>     | <b>243,938</b>         | <b>-</b>             | <b>5,795,444</b> |
| <b>Expenditures</b>            |                  |                 |                    |                        |                      |                  |
| Administrative                 | 2,574,186        | 119,578         | 194,164            | -                      | -                    | 2,887,928        |
| Contractual                    | 1,172,870        | 612,465         | 75,909             | -                      | -                    | 1,861,244        |
| Commodities                    | 170,718          | -               | 18,406             | 64,979                 | -                    | 254,103          |
| Other expenditures             | 32,001           | 4,176           | -                  | -                      | -                    | 36,177           |
| Capital expenditures           | 312,872          | -               | 2,204              | 420,677                | -                    | 735,753          |
| Debt service - principal       | 81,812           | -               | -                  | -                      | -                    | 81,812           |

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF ISLAND LAKE

## Governmental Fund Type - Combined Statement of Revenue, Expenditures and Changes in Fund Balances

Year Ended April 30, 2018

|                                   | General<br>Fund | Garbage<br>Fund | Recreation<br>Fund | Motor Fuel<br>Tax Fund | Debt Service<br>Fund | Total      |
|-----------------------------------|-----------------|-----------------|--------------------|------------------------|----------------------|------------|
| <b>Expenditures (Concluded)</b>   |                 |                 |                    |                        |                      |            |
| Debt service - interest           | \$ 6,063        | \$ -            | \$ -               | \$ -                   | \$ -                 | \$ 6,063   |
| <b>Total Expenditures</b>         | 4,350,522       | 736,219         | 290,683            | 485,656                | -                    | 5,863,080  |
| Operating transfers in/(out)      | (18,024)        | -               | -                  | -                      | 18,024               | -          |
| <b>Net Change in Fund Balance</b> | 257,885         | (79,314)        | (22,513)           | (241,718)              | 18,024               | (67,636)   |
| <b>Fund Balance</b>               |                 |                 |                    |                        |                      |            |
| Balance, beginning of year        | 219,335         | 285,316         | 107,003            | (13,723)               | 83,913               | 681,844    |
| <b>Total Fund Balance</b>         | \$ 477,220      | \$ 206,002      | \$ 84,490          | \$ (255,441)           | \$ 101,937           | \$ 614,208 |

The accompanying notes are an integral part of these financial statements.

## VILLAGE OF ISLAND LAKE

*Reconciliation of the Governmental Fund Balance to the  
Statement of Net Position and the Statement of Activities  
Year Ended April 30, 2018*

### **Reconciliation of the Governmental Fund Balance to the Statement of Net Position**

|   |            |
|---|------------|
| <b>Total Fund Balances - Total Governmental Funds</b> | \$ 614,208 |
|---|------------|

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

|                            |            |
|----------------------------|------------|
| Amount net of depreciation | 30,757,456 |
|----------------------------|------------|

|   |             |
|---|-------------|
| Other employee benefit obligations accruals are not reported in funds | (4,960,606) |
|---|-------------|

|  |           |
|--|-----------|
| Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position | (599,886) |
|--|-----------|

|   |                      |
|---|----------------------|
| <b>Total Net Position - Governmental Activities</b> | <u>\$ 25,811,172</u> |
|---|----------------------|

### **Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities and Changes in Net Position**

|  |             |
|--|-------------|
| <b>Net Change in Fund Balance - Governmental Funds</b> | \$ (67,636) |
|--|-------------|

Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciation over their useful life.

|                                       |           |
|---------------------------------------|-----------|
| (amount shown is net of depreciation) | (371,815) |
|---------------------------------------|-----------|

|   |         |
|---|---------|
| Governmental funds report the payment of debt as a expenditure; however the Statement of Activities records the payment as a reduction in the debt liability. | 190,479 |
|---|---------|

|  |             |
|--|-------------|
| Governmental funds do not record GASB 68 pension liabilities; however the Statement of Activities records the expense of pensions. | (1,448,132) |
|--|-------------|

|  |          |
|--|----------|
| Governmental funds do not accrue for deferred compensation but the expenses are accrued for the Statement of Activities. | (16,506) |
|--|----------|

|  |                       |
|--|-----------------------|
| <b>Changes in Net Position - Governmental Activities</b> | <u>\$ (1,713,610)</u> |
|--|-----------------------|

The accompanying notes are an integral part of these financial statements.

|  |
|--|
| <b>VILLAGE OF ISLAND LAKE</b>                  |
| <i>Proprietary Fund Type - Waterworks Fund</i> |
| <i>Statement of Net Position</i>               |
| <i>April 30, 2018</i>                          |

|   | <b>Waterworks</b>    |
|---|----------------------|
| <b>Assets</b>                             | <b>Fund</b>          |
| Cash and equivalents, at cost             | \$ 1,220,513         |
| Deposit with paying agent                 | 99,112               |
| Accounts receivable, net of allowance     | 195,967              |
| Fixed assets, net of depreciation         | 9,102,235            |
| Due from other funds                      | 83,819               |
| <b>Total Assets</b>                       | <b>\$ 10,701,646</b> |
| <b>Liabilities</b>                        |                      |
| Accounts payable and accruals             | \$ 64,988            |
| Accrued payroll                           | 13,144               |
| Water deposits                            | 20,740               |
| Bonds payable - current                   | 95,000               |
| Bonds payable - noncurrent                | 195,000              |
| Deferred compensation - noncurrent        | 13,763               |
| <b>Total Liabilities</b>                  | <b>402,635</b>       |
| <b>Net Position</b>                       |                      |
| Net investment in capital assets          | 8,812,235            |
| Unrestricted                              | 1,486,776            |
| <b>Total Net Position</b>                 | <b>10,299,011</b>    |
| <b>Total Liabilities and Net Position</b> | <b>\$ 10,701,646</b> |

| VILLAGE OF ISLAND LAKE  |
|---|
| <i>Proprietary Fund Type - Waterworks Fund Statement of Revenue, Expenditures and Changes in Net Position</i> |
| <i>Year Ended April 30, 2018</i>  |

|   | Revenue  | Waterworks<br>Fund   |
|---|----------|----------------------|
| Water usage charges   |          | \$ 936,739           |
| Water meters  |          | 3,171                |
| Late fees and discounts   |          | 38,168               |
| Miscellaneous and other income                                  |          | 12,875               |
| <b>Total Revenue</b>  |          | <b>990,953</b>       |
|   | Expenses |                      |
| Administrative  |          | 535,262              |
| Contractual   |          | 205,473              |
| Commodities   |          | 166,539              |
| Capital expenditures  |          | 13,676               |
| <b>Total Expenditures</b>                                       |          | <b>920,950</b>       |
| <b>Operating Income (Loss) Before Depreciation/Amortization</b> |          | <b>70,003</b>        |
| <b>Less: Depreciation and Amortization</b>                      |          | <b>290,449</b>       |
| <b>Operating Income (Loss)</b>                                  |          | <b>(220,446)</b>     |
| <b>Non-Operating Income (Expense)</b>                           |          |                      |
| Interest expense  |          | (5,013)              |
| Sale of fixed asset   |          | 5,510                |
| <b>Total Non-operating Income/(Expense)</b>                     |          | <b>497</b>           |
| <b>Net Income (Loss)</b>  |          | <b>(219,949)</b>     |
| Net Position, Beginning of Year                                 |          | 10,438,822           |
| Capitalized connection fees                                     |          | 80,138               |
| <b>Total Net Position</b>                                       |          | <b>\$ 10,299,011</b> |



|  |
|--|
| <b>VILLAGE OF ISLAND LAKE</b>                  |
| <i>Proprietary Fund Type - Waterworks Fund</i> |
| <i>Statement of Cash Flows</i>                 |
| <i>Year Ended April 30, 2018</i>               |

**Cash Flows from Operating Activities**

|  |                 |
|--|-----------------|
| Cash received from customers and users           | \$ 952,586      |
| Cash paid to suppliers                           | (507,040)       |
| Cash paid for personnel                          | (535,262)       |
| <b>Net Cash Provided by Operating Activities</b> | <b>(89,716)</b> |

**Cash Flows from Investing Activities**

|  |                  |
|--|------------------|
| System additions                                 | (270,603)        |
| <b>Net Cash Provided by Investing Activities</b> | <b>(270,603)</b> |

**Cash Flows from Capital & Financing Activities**

|  |                |
|--|----------------|
| Contributed connection fees                                    | 80,138         |
| Gain on sale of assets   | 5,510          |
| Interest payments  | (5,013)        |
| Debt payments  | (90,000)       |
| <b>Net Cash Provided by Capital &amp; Financing Activities</b> | <b>(9,365)</b> |

**Net Increase/(Decrease) in Cash** (369,684)

**Cash, beginning of year** 1,590,197

**Cash, end of year** \$ 1,220,513

**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities:**

|  |                    |
|--|--------------------|
| Net income (loss) for the year                   | \$ (220,446)       |
| Depreciation/amortization                        | 290,449            |
| (Increase) decrease in amounts with paying agent | (4,100)            |
| (Increase) decrease in accounts receivable       | (38,367)           |
| (Increase) decrease in due from other funds      | (83,819)           |
| Increase (decrease) in accrued interest          | (5,012)            |
| Increase (decrease) in accounts payable          | 4,325              |
| Increase (decrease) in accrued payroll           | (3,296)            |
| Increase (decrease) in deposits                  | (525)              |
| Increase (decrease) deferred compensation        | 5,719              |
| Increase (decrease) in due to other funds        | (34,644)           |
| <b>Net Cash Provided by Operating Activities</b> | <b>\$ (89,716)</b> |

Cash deposit for interest made during the year was \$ 5,013.

## VILLAGE OF ISLAND LAKE

*Fiduciary Fund Type - Police Pension Fund*

*Statement of Net Position*

*April 30, 2018*

### Assets

|  |               |
|--|---------------|
| Cash and Cash Equivalents              | \$ 108,220    |
| Investments, at Fair Value:            |               |
| U.S. Government and Agency Obligations | 1,000,455     |
| Municipal Bonds                        | 114,389       |
| Corporate Bonds                        | 915,065       |
| Mutual Funds                           | 1,475,633     |
| Accrued Interest Receivable            | 26,309        |
| Due from the Village of Island Lake    | <u>10,184</u> |

### Net Position

|                                    |                            |
|------------------------------------|----------------------------|
| Held in Trust for Pension Benefits | <u><u>\$ 3,650,255</u></u> |
|------------------------------------|----------------------------|

|  |
|--|
| <b>VILLAGE OF ISLAND LAKE</b>                    |
| <i>Fiduciary Fund Type - Police Pension Fund</i> |
| <i>Statement of Changes in Net Position</i>      |
| <i>Year Ended April 30, 2018</i>                 |

**Additions**

|                              |                |
|------------------------------|----------------|
| Contributions - Employer     | \$ 243,401     |
| Contributions - Plan Members | 83,915         |
| Total Contributions          | <u>327,316</u> |

**Investment Income**

|                          |                |
|--------------------------|----------------|
| Interest Earned          | 156,007        |
| Net Change in Fair Value | 25,291         |
| Total Investment Income  | <u>181,298</u> |

|                                 |                 |
|---------------------------------|-----------------|
| <b>Less Investment Expenses</b> | <u>(11,261)</u> |
| Net Investment Income           | <u>170,037</u>  |

|                 |                |
|-----------------|----------------|
| Total Additions | <u>497,353</u> |
|-----------------|----------------|

**Deductions**

|                       |                |
|-----------------------|----------------|
| Benefits and Refunds: |                |
| Benefits              | 432,210        |
| Accounting services   | 22,218         |
|                       | <u>454,428</u> |

|                  |                |
|------------------|----------------|
| Total Deductions | <u>454,428</u> |
|------------------|----------------|

|                               |        |
|-------------------------------|--------|
| <b>Change in Net Position</b> | 42,925 |
|-------------------------------|--------|

**Net Position Held in Trust for Pension Benefits**

|                                 |                            |
|---------------------------------|----------------------------|
| Net Position, Beginning of Year | <u>3,607,330</u>           |
| Net Position, End of Year       | <u><u>\$ 3,650,255</u></u> |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The Village of Island Lake, Illinois, (Village) is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police safety, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, waterworks services and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

### REPORTING ENTITY –

The Village's financial reporting entity comprises the following:

#### *Primary Government Village –*

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units- an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 39, there are no component units included in the reporting entity.

#### *Police Pension Employees Retirement System –*

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

### FINANCIAL STATEMENT PRESENTATION –

#### *Government-Wide Statements –*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's waterworks services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, culture and recreation, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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This government-wide focus concentrates on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

### *Fund Financial Statements –*

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

### GOVERNMENTAL FUNDS -

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

### *General fund –*

The general operating fund of the Village is used to account for all financial resources except those required to be accounted for in another fund. The general fund is a major fund.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### *Special revenue funds –*

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains three major special revenue funds. The Garbage Fund is used to account for restricted revenues and expenditures related to the disposal of residential solid waste. The Recreation Fund is used to account for revenues and expenditures related to the establishment and maintenance of recreational programs. The Motor Fuel Tax Fund is used to account for restricted funds received from the State of Illinois Motor Fuel Tax to be used for operating and maintaining local streets and roads.

### *Debt service funds –*

The debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### *Proprietary Funds –*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Waterworks Fund, which is used to account for revenues and expenses related to the operation of the waterworks utilities.

### *Fiduciary Funds –*

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

---

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING -

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities and Changes in Fund Balance, both governmental and business-like activities are presented using the economic resources measurement focus as defined on the following pages.

#### *Measurement Focus –*

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

#### *Basis of Accounting –*

In the government-wide Statement of Net Position and Statement of Activities and Changes, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the



# VILLAGE OF ISLAND LAKE, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2018*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

---

liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds, are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### ASSETS, LIABILITIES, AND NET POSITION OR EQUITY -

#### ***Cash and Investments –***

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of proprietary funds "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

### *Receivables –*

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report waterworks charges as their major receivables.

### *Interfund Receivables, Payables and Activity –*

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### *Prepays –*

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

### *Capital Assets –*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets,

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

---

traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

|                         |             |
|-------------------------|-------------|
| Land improvements       | 10 Years    |
| Buildings               | 50 Years    |
| Machinery and equipment | 5-20 Years  |
| Vehicles                | 5-10 Years  |
| Infrastructure          | 50 Years    |
| Water Plant             | 40-70 Years |

### *Compensated Absences –*

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for non-vesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as "terminal leave" prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### *Long-Term Obligations –*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

---

premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

### *Deferred Inflows–*

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

### *Fund Equity –*

In the government-wide financial statements, equity is classified as net position and displayed in three components:

#### *Net investment in capital assets –*

Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

#### *Restricted net assets –*

Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

#### *Unrestricted net assets –*

All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 2 – STEWARDSHIP, ACCOUNTABILITY AND BUDGETARY COMPLIANCE

---

All budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, enterprise, and pension trust funds. All annual appropriations lapse at fiscal year end.

During the first quarter of each year, the Finance Committee of the Board of Trustees, working in conjunction with the Village Treasurer, drafts an appropriation ordinance to be adopted by the Village Board. This ordinance appropriates each sum of money as are deemed necessary to be deposited in the reserves provided for in the Illinois Pension Code. The ordinance also specifies the objects and purposes for which these appropriations are made and the amount appropriated for each.

Prior to adoption of the appropriation ordinance, the Village makes the proposed ordinance conveniently available for public inspection and holds at least one hearing subsequent to published notice. Subsequent to the public hearing and before final action is taken on the appropriation ordinance, the Village Board may revise, alter, increase, or decrease the items contained therein.

Final action to adopt the appropriation for the year ended the following April 30<sup>th</sup>, is taken by the Board before December 31<sup>st</sup>.

The Board may subsequently transfer appropriation amounts to other appropriations. Furthermore, under certain conditions, it may pass a supplemental appropriation; however, a supplemental appropriation was not passed during the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplemental appropriations were made.

### ***Budgetary Compliance -***

The Village's budgetary comparison schedules are presented using the appropriations ordinance of the Village, the legal spending limit of the Village is outlined in the Appropriation Ordinance. The following funds have expenditures/expenses over the appropriations ordinance, but under the legal spending limit detailed in the Appropriation Ordinance, with the exception of the Police Pension Fund.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 2 – STEWARDSHIP, ACCOUNTABILITY AND BUDGETARY COMPLIANCE (CONTINUED)

---

| Fund           | Final<br>Appropriation | Actual<br>Expenditures |
|----------------|------------------------|------------------------|
| General        | \$ 4,960,614           | \$ 4,368,546           |
| Motor Fuel Tax | 725,000                | 485,656                |
| Debt Service   | -                      | -                      |
| Recreation     | 376,800                | 290,683                |
| Garbage        | 775,000                | 736,219                |
| Waterworks     | 2,362,500              | 1,216,412              |
| Police Pension | 455,000                | 465,689                |

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS

---

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

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, life insurance company contracts, money market mutual funds and common and preferred stocks.

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

the State of Illinois; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net position.

Illinois Funds is an investment pool managed by the Illinois public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

### VILLAGE INTEREST RATE RISK, CREDIT RISK, CUSTODIAL CREDIT RISK AND CONCENTRATION RISK

#### *Deposits –*

The carrying amount of the Village's deposits for governmental and business-type activities totaled \$1,605,741 and the bank balances totaled \$1,706,882 at April 30, 2018. The Village has \$43,681 of these balances invested in the Illinois Funds at April 30, 2018.

#### *Interest Rate Risk –*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that safety of principal is the foremost object of the Village. The policy additionally states that the investments of the Village shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. At April 30, 2018, the Village does not have any other investments outstanding other than the investment in the Illinois Funds, which has an average maturity of less than one year.

#### *Credit Risk –*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Village's investment policy does not further limit investment instrument choices. At April 30, 2018, the Village's investment in the Illinois Funds is rated AAA by Standard & Poor's.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

### *Custodial Credit Risk –*

In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy states that all funds on deposit in banks are to be at a collateralization level of 102% of market value of principal and accrued interest. At year-end, the Village's investment in the Illinois Funds is non-categorizable for custodial credit risk.

### *Concentration Credit Risk –*

This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that the Village shall diversify investments by security type and institution. At year-end, the Village's investment in the Illinois Funds represents more than 5% of the total cash and investment portfolio.

## POLICE PENSION FUND - INTEREST RATE RISK, CREDIT RISK, CUSTODIAL CREDIT RISK AND CONCENTRATION RISK

### *Deposits-*

At year-end, the carrying amount of the Pension Fund deposits totaled \$108,220 and the bank balances totaled \$108,220.

### *Police Pension Fund Investments –*

At year-end, the Pension Fund has the following investments and maturities:

|                                     | Fair<br>Value      | Investment Maturities (in Years) |                   |                   |                  |
|-------------------------------------|--------------------|----------------------------------|-------------------|-------------------|------------------|
|                                     |                    | Less Than<br>1                   | 1 to 5            | 6 to 10           | More than<br>10  |
| U.S. Treasury Notes<br>and Agencies | \$ 1,000,455       | \$ 116,383                       | \$ 491,639        | \$ 392,433        | \$ -             |
| Municipal Bonds                     | 114,389            | 10,014                           | 26,768            | -                 | 77,607           |
| Corporate Bonds                     | 915,065            | 244,245                          | 339,895           | 330,925           | -                |
|                                     | <u>\$2,029,909</u> | <u>\$ 370,642</u>                | <u>\$ 858,302</u> | <u>\$ 723,358</u> | <u>\$ 77,607</u> |



# VILLAGE OF ISLAND LAKE, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2018*

The Pension Fund assumes any callable securities will not be called.

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

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

The Fund has the following recurring fair value measurements as of April 30, 2018: the mutual funds are valued using quoted prices (Level 1 inputs). U.S. Treasury obligations, U.S. agency obligations, state and municipal obligations and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

### ***Interest Rate Risk –***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

### ***Credit Risk –***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Investments in the securities of U.S. government agencies and state and local securities were all rated AAA by Standard & Poor's or by Moody's Investors Services. Corporate Bonds held at year-end were rated between BBB+ and A by Standard & Poor's. The Pension Fund's investment policy also prescribes to the "prudent person" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

### ***Custodial Credit Risk – Deposits –***

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At April 30, 2018, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy requires that all

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default.

### *Custodial Credit Risk – Investments –*

For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Equity mutual funds are not subject to custodial credit risk. At April 30, 2017, the U.S. Government Agencies and the State and Local obligations are held by the counterparty in the trust department. The Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

### *Concentration Credit Risk –*

This is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. In accordance with the Pension Fund's investment policy, the Pension Fund may invest in any type of investment instrument permitted by Illinois law. At April 30, 2018, the Pension Fund has over 5% of plan net position invested in various agency securities as indicated in the previous table. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

The Pension Fund's investment policy has the ILCS allocation guidelines, by asset class, for fixed income investments as follows:

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

|                                  | Range of<br>Allocation | Expected Real<br>Rate of Return |
|----------------------------------|------------------------|---------------------------------|
| U.S. Treasury Securities         | 0-40%                  | 1.75%                           |
| U.S. Agency Securities           | 0-75%                  | 2.00%                           |
| Taxable Municipal Securities     | 0-20%                  | 2.50%                           |
| Investment Grade Corporate Bonds | 0-50%                  | 2.50%                           |
| Equity                           |                        |                                 |
| Large Cap                        | 30-95%                 | 5.00%                           |
| Mid Cap                          | 0-20%                  | 5.25%                           |
| Small Cap                        | 0-20%                  | 5.00%                           |
| International                    | 0-30%                  | 5.25%                           |

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

- The investment policy limits the amount of equity investments to 55% of the total investment portfolio.
- Cash will be maintained to manage cashflow of the Fund or as a transition asset.
- Bank certificates of deposit will only be used if market returns are favorable. They will be used as a substitute for the Treasury and Agency portion of the portfolio.
- Under normal market conditions the structure of the portfolio will be within these limits; however, the portfolio manager may diverge from the above suggestions due to abnormal market conditions.

The Pension Fund's investment policy states that once the Fund reaches the equity allocation approved by the Board and permitted by law, normal asset allocation range for equity portfolio allocation weightings should be:

|                               | Normal<br>Allocation | Range of<br>Allocation |
|-------------------------------|----------------------|------------------------|
| U.S. Large Company Stocks     | 65%                  | 30%                    |
| U.S. Mid-Sized Company Stocks | 10%                  | 10%                    |
| U.S. Small Company Stocks     | 10%                  | 10%                    |
| Foreign Stocks                | 15%                  | 15%                    |

*Property Taxes –*

## VILLAGE OF ISLAND LAKE, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2018*

Property taxes for 2016 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, 2017 and September 1, 2017. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

### CAPITAL ASSETS –

#### Governmental Activities –

Governmental capital asset activity for the year was as follows:

|                                      | Beginning<br>Balances | Increases           | Decreases   | Ending<br>Balances   |
|--------------------------------------|-----------------------|---------------------|-------------|----------------------|
| Nondepreciable capital assets        |                       |                     |             |                      |
| Land                                 | \$ 8,104,780          | \$ 11,528           | \$ -        | \$ 8,116,308         |
| Depreciable capital assets           |                       |                     |             |                      |
| Land improvements                    | 215,000               | -                   | -           | 215,000              |
| Buildings                            | 774,553               | 28,910              | -           | 803,463              |
| Machinery and equipment              | 671,347               | 37,651              | -           | 708,998              |
| Vehicles                             | 1,184,067             | -                   | -           | 1,184,067            |
| Infrastructure                       | 39,024,337            | 492,994             | -           | 39,517,331           |
|                                      | <u>41,869,304</u>     | <u>559,555</u>      | <u>-</u>    | <u>42,428,859</u>    |
| Less accumulated depreciation        |                       |                     |             |                      |
| Land improvements                    | 215,000               | -                   | -           | 215,000              |
| Buildings                            | 337,520               | 19,170              | -           | 356,690              |
| Machinery and equipment              | 300,706               | 63,188              | -           | 363,894              |
| Vehicles                             | 724,212               | 111,914             | -           | 836,126              |
| Infrastructure                       | 17,267,375            | 748,626             | -           | 18,016,001           |
|                                      | <u>18,844,813</u>     | <u>942,898</u>      | <u>-</u>    | <u>19,787,711</u>    |
| Total net depreciable capital assets | <u>23,024,491</u>     | <u>(383,343)</u>    | <u>-</u>    | <u>22,641,148</u>    |
| Total net capital assets             | <u>\$ 31,129,271</u>  | <u>\$ (371,815)</u> | <u>\$ -</u> | <u>\$ 30,757,456</u> |

Depreciation expense was charged to governmental activities as follows:

|                           |                   |
|---------------------------|-------------------|
| General Government        | \$ 63,082         |
| Public Safety             | 33,535            |
| Highways and Streets      | <u>846,281</u>    |
| Governmental Depreciation | <u>\$ 942,898</u> |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

### Business-Type Activities –

Business-type capital asset activity for the year was as follows:

|                               | Beginning<br>Balances | Increases          | Decreases     | Ending<br>Balances  |
|-------------------------------|-----------------------|--------------------|---------------|---------------------|
| Depreciable capital assets    |                       |                    |               |                     |
| Machinery and equipment       | \$ 594,293            | \$ -               | \$ 23,237     | \$ 571,056          |
| Vehicles                      | 146,616               | -                  | -             | 146,616             |
| Water System/Infrastructure   | 12,552,994            | 270,603            | -             | 12,823,597          |
|                               | <u>13,293,903</u>     | <u>270,603</u>     | <u>23,237</u> | <u>13,541,269</u>   |
| Less accumulated depreciation |                       |                    |               |                     |
| Machinery and equipment       | 179,864               | 24,655             | 23,237        | 181,282             |
| Vehicles                      | 146,616               | 10,393             | -             | 157,009             |
| Water System/Infrastructure   | 3,845,342             | 255,401            | -             | 4,100,743           |
|                               | <u>4,171,822</u>      | <u>290,449</u>     | <u>23,237</u> | <u>4,439,034</u>    |
| Total net capital assets      | <u>\$ 9,122,081</u>   | <u>\$ (19,846)</u> | <u>\$ -</u>   | <u>\$ 9,102,235</u> |

Depreciation expense of \$290,449 was charged to the waterworks business-type activities.

## INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

### Interfund Balances –

Interfund balances for the year consisted of the following:

| Receivable Fund | Payable Fund   | Amount     |
|-----------------|----------------|------------|
| General         | Motor Fuel Tax | \$ 545,239 |
| Waterworks      | General        | 38,567     |
| Waterworks      | Garbage        | 45,252     |
| Police Pension  | General        | 10,184     |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

### LONG- TERM DEBT -

#### Notes Payable –

The Village issues notes payable to provide funds for the acquisition capital equipment and facilities. Notes payable currently outstanding are as follows:

| Issue   | Fund Debt<br>Retired by | Beginning<br>Balances | Issuances   | Retirements       | Ending<br>Balances |
|---|-------------------------|-----------------------|-------------|-------------------|--------------------|
| Note Payable of 2014 for the purchase of truck, due in monthly installments of \$1,174.83 including interest at 3.50% through December 15, 2018.                    | General                 | \$ 21,637             | \$ -        | \$ 13,596         | \$ 8,041           |
| Note Payable of 2015 for the purchase of police cars, due in monthly installments of \$1,562.31 including interest at 3.25% through October 15, 2018.               | General                 | 27,234                | -           | 18,135            | 9,099              |
| Note Payable of 2015 for the purchase of 2002 bucket truck, due in monthly installments of \$696.96 including interest at 3.25% through October 15, 2018.           | General                 | 12,149                | -           | 8,090             | 4,059              |
| Note Payable of 2016 for the purchase of two Ford Explorers, due in monthly installments of \$1,698.48 including interest at 3.25% through October 10, 2019         | General                 | 48,821                | -           | 19,012            | 29,809             |
| Note Payable of 2016 for the purchase of a Ford F 250, due in monthly installments of \$692.08 including interest at 3.25% through June 15, 2019                    | General                 | 17,302                | -           | 7,813             | 9,489              |
| Note Payable of 2016 for the purchase of Chevy Tahoe police vehicle, due in monthly installments of \$990.07 including interest at 3.25% through September 30, 2020 | General                 | 38,308                | -           | 11,666            | 26,642             |
| Note Payable of 2017 for the purchase of a street sweeper, due in monthly installments of \$1,567.52 including interest at 3.50% through April 30, 2021.            | General                 | 70,000                | -           | 15,127            | 54,873             |
| Note Payable of 2017 for the purchase of a Ford F 550, due in monthly installments of \$1,736.65 including interest at 3.25% through February 28, 2021.             | General                 | 74,914                | -           | 22,040            | 52,874             |
| Totals  |                         | <u>\$ 310,365</u>     | <u>\$ -</u> | <u>\$ 115,479</u> | <u>\$ 194,886</u>  |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

### *Bonds Payable –*

| <u>Issue</u>   | <u>Fund Debt<br/>Retired by</u> | <u>Beginning<br/>Balances</u> | <u>Issuances</u> | <u>Retirements</u> | <u>Ending<br/>Balances</u> |
|--|---------------------------------|-------------------------------|------------------|--------------------|----------------------------|
| Refunding G.O. Bonds (Alternate Revenue Source) Bonds, Series 2014 (\$620,000) due in annual installments of \$70,000 to \$90,000 plus interest at 2.00% to 3.20% through May 1, 2022. | General                         | \$ 480,000                    | \$ -             | \$ 75,000          | \$ 405,000                 |
| Total  |                                 | <u>\$ 480,000</u>             | <u>\$ -</u>      | <u>\$ 75,000</u>   | <u>\$ 405,000</u>          |

### *Revenue Bonds Payable –*

The Village also issues bonds for which the Village pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds currently outstanding are as follows:

| <u>Issue</u>  | <u>Fund Debt<br/>Retired by</u> | <u>Beginning<br/>Balances</u> | <u>Issuances</u> | <u>Retirements</u> | <u>Ending<br/>Balances</u> |
|---|---------------------------------|-------------------------------|------------------|--------------------|----------------------------|
| Refunding G.O. Bonds (Alternate Revenue Source) Bonds, Series 2014 (\$555,000) due in annual installments of \$85,000 to \$100,000 plus interest at 2.00% to 3.20% through May 1, 2022. | Water Works                     | \$ 380,000                    | \$ -             | \$ 90,000          | \$ 290,000                 |
| Total   |                                 | <u>\$ 380,000</u>             | <u>\$ -</u>      | <u>\$ 90,000</u>   | <u>\$ 290,000</u>          |



# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

### Long-Term Liability Activity –

Changes in long-term liabilities during the fiscal year were as follows:

| Type of Debt              | Beginning<br>Balances | Additions         | Deductions        | Ending<br>Balances  | Amounts<br>Due within<br>One Year |
|---------------------------|-----------------------|-------------------|-------------------|---------------------|-----------------------------------|
| Governmental Activities:  |                       |                   |                   |                     |                                   |
| Net pension obligation    | \$ 4,475,028          | \$ 132,380        | \$ -              | \$ 4,607,408        | \$ -                              |
| Net other post-employment |                       |                   |                   |                     |                                   |
| Benefits obligations      | 18,429                | -                 | -                 | 18,429              | -                                 |
| Compensated absences      | 114,423               | 16,506            | -                 | 130,929             | -                                 |
| Notes payable             | 310,365               | -                 | 115,479           | 194,886             | 94,094                            |
| Bonds payable             | 480,000               | -                 | 75,000            | 405,000             | 75,000                            |
|                           | <u>\$ 5,398,245</u>   | <u>\$ 148,886</u> | <u>\$ 190,479</u> | <u>\$ 5,356,652</u> | <u>\$ 169,094</u>                 |
| Business-Type Activities: |                       |                   |                   |                     |                                   |
| Compensated absences      | \$ 8,044              | \$ 5,719          | \$ -              | \$ 13,763           | \$ -                              |
| Revenue bonds payable     | 380,000               | -                 | 90,000            | 290,000             | 100,000                           |
|                           | <u>\$ 388,044</u>     | <u>\$ 5,719</u>   | <u>\$ 90,000</u>  | <u>\$ 303,763</u>   | <u>\$ 100,000</u>                 |

The General Fund makes payments on the net pension obligation and net other post-employment benefit obligation. Payments on the notes payable are made by the General and Waterworks Funds. The Debt Service Fund makes the payments on the bonds payable and the Waterworks Fund makes the payments on the revenue bonds payable. For the governmental activities, compensated absences are generally liquidated by the General Fund. Also, for business-type activities, compensated absences are liquidated by the Waterworks Fund.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

### *Debt Service Requirements to Maturity –*

The annual debt service requirements to maturity, including principal and interest, are as follows, with the exception of the variable rate bonds, in which future interest payments are not known:

| Governmental Activities |                   |                  |
|-------------------------|-------------------|------------------|
| Fiscal Year             |                   |                  |
| Ending                  | Bonds Payable     |                  |
| April 30,               | Principal         | Interest         |
| 2019                    | \$ 75,000         | \$ 11,188        |
| 2020                    | 75,000            | 9,125            |
| 2021                    | 80,000            | 6,800            |
| 2022                    | 85,000            | 4,240            |
| 2023                    | 90,000            | 1,440            |
|                         | <u>\$ 405,000</u> | <u>\$ 32,793</u> |

| Business-Type Activities |                   |                  |
|--------------------------|-------------------|------------------|
| Fiscal Year              |                   |                  |
| Ending                   | Bonds Payable     |                  |
| April 30,                | Principal         | Interest         |
| 2019                     | \$ 95,000         | \$ 7,038         |
| 2020                     | 100,000           | 4,350            |
| 2021                     | 95,000            | 1,425            |
|                          | <u>\$ 290,000</u> | <u>\$ 12,813</u> |

### *Defeased Debt –*

In prior years the government defeased bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government basic financial statements.

### FUND BALANCE -

Investment in capital assets – net of related debt, was comprised of the following as of

April 30, 2018:

#### Governmental activities

|  |    |            |
|--|----|------------|
| Capital assets - net of accumulated depreciation | \$ | 30,757,456 |
|--|----|------------|

#### Less capital related debt:

|               |    |           |                  |
|---------------|----|-----------|------------------|
| Notes payable | \$ | (194,886) |                  |
| Bonds payable |    | (405,000) | <u>(599,886)</u> |

|                                  |    |                   |
|----------------------------------|----|-------------------|
| Net investment in capital assets | \$ | <u>30,157,570</u> |
|----------------------------------|----|-------------------|

#### Business-type activities

|  |    |           |
|--|----|-----------|
| Capital assets - net of accumulated depreciation | \$ | 9,102,235 |
|--|----|-----------|

#### Less capital related debt:

|               |           |   |                  |
|---------------|-----------|---|------------------|
| Notes payable | -         | - |                  |
| Bonds payable | (290,000) |   | <u>(290,000)</u> |

|                                  |    |                  |
|----------------------------------|----|------------------|
| Net investment in capital assets | \$ | <u>8,812,235</u> |
|----------------------------------|----|------------------|

### *Fund Balance Classifications -*

The Village implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended April 30, 2018. In the governmental funds financial statements, the Village first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance.

### *Minimum Fund Balance Policy –*

The Village's policy manual states that the General Fund should maintain a minimum unreserved fund balance equal to three months of budgeted operating expenditures, excluding transfers and capital expenditures. Fund balances in excess of said levels may be transferred to the capital projects fund at the discretion of the Board.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 3 – DETAIL NOTES ON ALL FUNDS, DEPOSITS AND INVESTMENTS (CONTINUED)

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

|                      | General    | Garbage    | Recreation | Motor<br>Fuel Tax | Debt<br>Service | Total      |
|----------------------|------------|------------|------------|-------------------|-----------------|------------|
| Fund Balances        |            |            |            |                   |                 |            |
| Nonspendable         | \$ -       | \$ -       | \$ -       | \$ -              | \$ -            | \$ -       |
| Restricted           |            |            |            |                   |                 |            |
| Property tax levies: |            |            |            |                   |                 |            |
| Audit                | 10,436     | -          | -          | -                 | -               | 10,436     |
| IMRF                 | 130,605    | -          | -          | -                 | -               | 130,605    |
| Social security      | 125,068    | -          | -          | -                 | -               | 125,068    |
| Garbage              | -          | 206,002    | -          | -                 | -               | 206,002    |
| Recreation           | -          | -          | 84,490     | -                 | -               | 84,490     |
| Debt service         | -          | -          | -          | -                 | 101,937         | 101,937    |
| Total Restricted     | 266,109    | 206,002    | 84,490     | -                 | 101,937         | 658,538    |
| Unassigned           | 211,111    | -          | -          | (255,441)         | -               | (44,330)   |
| Total Fund Balances  | \$ 477,220 | \$ 206,002 | \$ 84,490  | \$ (255,441)      | \$ 101,937      | \$ 614,208 |

## NOTE 4 – RISK MANAGEMENT AND OTHER INFORMATION

### RISK MANAGEMENT -

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village purchases workers' compensation insurance from a commercial insurance company. The Village pays an annual premium for its insurance coverage based on total payroll of the Village for each plan year. Additionally, the Village's blanket insurance policy contains individual liability coverage on all employees. The Village purchases coverage against all other risks of loss from a commercial insurance company.

The Village currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverage from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 4 – RISK MANAGEMENT AND OTHER INFORMATION (CONTINUED)

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### *The McHenry County Municipal Risk Management Agency (MCMRMA) –*

The McHenry County Municipal Risk Management Agency is a proprietary agency whose members are McHenry County, Illinois governments. MCMRMA manages and funds first party property losses, third party liability claims, workers' compensation claims, and Public Officials liability claims of its members.

#### RISK MANAGEMENT -

Each member assumes the first \$1,000 of each occurrence, and has self-insurance retention at various amounts. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Chairman and a Treasurer.

The Village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial contributions are determined in advance of each membership year based on the individual member's eligible revenue as defined in the bylaws of MCMRMA and assessment factors based on past member experience and the funding needs for the membership year. The Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year.

Members have a contractual obligation to fund any deficit of MCMRMA attributable to a membership year during which they were a member.

#### CONTINGENT LIABILITIES -

##### *Litigation –*

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

##### *Grants –*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT

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### PLAN DESCRIPTIONS, PROVISIONS AND FUNDING POLICIES -

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

### BENEFITS PROVIDED -

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

As of December 31, 2017, the following employees were covered by the benefit terms:

|  | IMRF      |
|--|-----------|
| Retirees and Beneficiaries currently receiving benefits          | 22        |
| Inactive Plan Members entitled to but not yet receiving benefits | 15        |
| Active Plan Members  | 23        |
| <b>Total</b>   | <b>60</b> |

### CONTRIBUTIONS -

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 12.45%. For the year ended April 30, 2018, the City contributed \$156,813 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### NET PENSION LIABILITY -

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

### ACTUARIAL ASSUMPTIONS -

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific **Mortality** table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

|                         | Long-Term         |                  |
|-------------------------|-------------------|------------------|
|                         | Portfolio         | Expected         |
|                         | Target            | Real Rate        |
| <u>Asset Class</u>      | <u>Percentage</u> | <u>of Return</u> |
| Domestic Equity         | 37%               | 6.85%            |
| International Equity    | 18%               | 6.75%            |
| Fixed Income            | 28%               | 3.00%            |
| Real Estate             | 9%                | 5.75%            |
| Alternative Investments | 7%                | 2.65-7.35%       |
| Cash Equivalents        | <u>1%</u>         | 2.25%            |
| Total                   | 100%              |                  |



# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Executive Summary as of December 31, 2017

|   |            |
|---|------------|
| Actuarial Valuation Date                      | 12/31/2017 |
| Measurement Date of the Net Pension Liability | 12/31/2017 |
| Fiscal Period End                             | 4/30/2018  |

#### Membership

|                                 |              |
|---------------------------------|--------------|
| Number of                       |              |
| - Retirees and Beneficiaries    | 22           |
| - Inactive, Non-Retired Members | 15           |
| - Active Members                | 23           |
| - Total                         | 60           |
| Covered Valuation Payroll       | \$ 1,245,688 |

#### Net Pension Liability

|  |              |
|--|--------------|
| Total Pension Liability/(Asset)  | \$ 7,688,542 |
| Plan Fiduciary Net Position  | 7,339,293    |
| Net Pension Liability/(Asset)  | \$ 349,249   |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 95.46%       |
| Net Pension Liability as a Percentage of Covered Valuation Payroll     | 28.04%       |

#### Development of the Single Discount Rate as of December 31, 2015

|  |       |
|--|-------|
| Long-Term Expected Rate of Investment Return   | 7.50% |
| Long-Term Municipal Bond Rate*   | 3.31% |
| Last year ending December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded | 2117  |
| Resulting Single Discount Rate based on the above development  | 7.50% |
| Single Discount Rate calculated using December 31, 2016 Measurement Date   | 7.50% |

|                                       |                   |
|---------------------------------------|-------------------|
| <b>Total Pension Expense/(Income)</b> | <b>\$ 172,110</b> |
|---------------------------------------|-------------------|

#### Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

|  | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Difference between expected and actual experience                                | \$ 24,296                      | \$ 5,851                      |
| Changes in assumptions   | -                              | 158,986                       |
| Net difference between projected and actual earnings on pension plan investments | 190,476                        | 515,192                       |
| Total  | \$ 214,772                     | \$ 680,029                    |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

---

### SINGLE DISCOUNT RATE -

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

### SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE-

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

#### Sensitivity of Net Pension Liability/(Asset) to the Single discount rate Assumption

|                               | 1% Decrease<br>6.47% | Current Single<br>Discount Rate<br>Assumption 7.47% | 1% Increase<br>8.47% |
|-------------------------------|----------------------|---|----------------------|
| Total Pension Liability       | \$ 8,552,263         | \$ 7,688,542  | \$ 6,968,548         |
| Plan Fiduciary Net Position   | 7,339,293            | 7,339,293   | 7,339,293            |
| Net Pension Liability/(Asset) | <u>\$ 1,212,970</u>  | <u>\$ 349,249</u>                                   | <u>\$ (370,745)</u>  |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### Schedule of Changes in Net Pension Liability and Related Ratios - Current Period

Calendar Year Ended December 31, 2017

#### A. Total pension liability

|  |                     |
|--|---------------------|
| 1. Service Cost  | \$ 129,073          |
| 2. Interest on the Total Pension Liability   | 556,500             |
| 3. Changes of benefit terms  | -                   |
| 4. Difference between expected and actual experience<br>of the Total Pension Liability | 51,633              |
| 5. Changes of assumptions  | (225,554)           |
| 6. Benefit payments, including refunds<br>of employee contributions                    | (357,148)           |
| 7. Net change in total pension liability   | 154,504             |
| 8. Total pension liability – beginning   | 7,534,038           |
| 9. Total pension liability – ending  | <u>\$ 7,688,542</u> |

#### B. Plan fiduciary net position

|   |                     |
|---|---------------------|
| 1. Contributions – employer   | \$ 158,532          |
| 2. Contributions – employee   | 58,761              |
| 3. Net investment income  | 1,119,401           |
| 4. Benefit payments, including refunds<br>of employee contributions | (357,148)           |
| 5. Other (Net Transfer)   | (97,998)            |
| 6. Net change in plan fiduciary net position                        | 881,548             |
| 7. Plan fiduciary net position – beginning                          | 6,457,745           |
| 8. Plan fiduciary net position – ending                             | <u>\$ 7,339,293</u> |

#### C. Net pension liability/(asset)

\$ 349,249

#### D. Plan fiduciary net position as a percentage

of the total pension liability 95.46%

#### E. Covered Valuation payroll

\$ 1,245,688

#### F. Net pension liability as a percentage

of covered valuation payroll 28.04%

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5– ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

For the period ended April 30, 2018, the City recognized pension expense of \$172,110. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| <b>Deferred Amounts Related to Pensions</b>   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> |
|---|---|---|
| <i>Deferred Amounts to be Recognized in Pensions<br/>Expense in Future Periods</i>  |   |   |
| Differences between expected and actual   | \$ 24,296                                     | \$ 5,851                                      |
| Changes in assumptions  | -   | 158,986                                       |
| Net difference between projected and actual<br>earnings on pension plan investments | 190,476                                       | 515,192                                       |
| Total Deferred Amounts to be recognized in<br>pension expense in future periods     | 214,772                                       | 680,029                                       |
| <b>Total Deferred Amounts Related to Pensions</b>                                   | <b>\$ 214,772</b>                             | <b>\$ 680,029</b>                             |

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

| <b>Year Ending<br/>December 31</b> | <b>Net Deferred Outflows<br/>of Resources</b> |
|------------------------------------|---|
| 2018                               | \$ (104,626)                                  |
| 2019                               | (91,590)                                      |
| 2020                               | (140,240)                                     |
| 2021                               | (128,801)                                     |
| 2022                               | -   |
| Thereafter                         | -   |
| <b>Total</b>                       | <b>\$ (465,257)</b>                           |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate\*

#### Valuation Date: December 31, 2017

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

#### Methods and Assumptions Used to Determine 2017 Contribution Rates:

|                               |   |
|-------------------------------|---|
| Actuarial Cost Method         | Aggregate Entry Age Normal  |
| Amortization Method           | Level Percentage of Payroll, Closed   |
| Remaining Amortization Period | Non-Taxing bodies: 10-year rolling period.<br>Taxing bodies (Regular, SLEP and ECO groups):<br>26-year closed period.<br>Early Retirement Incentive Plan liabilities:<br>a period up to 10 years selected by<br>the Employer upon adoption of ERI.<br>SLEP supplemental liabilities attributable to Public Act 94-712<br>were financed over 21 years for most employers<br>(two employers were financed over 30 years).   |
| Asset Valuation Method        | 5-Year smoothed market; 20% corridor  |
| Wage growth                   | 3.50%   |
| Price Inflation               | 2.75% - approximate; No explicit price inflation assumption<br>is used in this valuation.   |
| Salary Increases              | 3.75% to 14.50% including inflation   |
| Investment Rate of Return     | 7.50%   |
| Retirement Age                | Experience-based table of rates that are specific to the type of<br>eligibility condition. Last updated for the 2014 valuation pursuant<br>to an experience study of the period 2011 - 2013.  |
| Mortality                     | For non-disabled retirees, an IMRF specific mortality table was used with fully<br>generational projection scale MP-2014 (base year 2012). The IMRF specific rates<br>were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with<br>adjustments to match current IMRF experience. For disabled retirees, an IMRF specific<br>mortality table was used with fully generational projection scale MP-2014 (base year 2012).<br>The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality<br>Table applying the same adjustments that were applied for non-disabled lives. For active<br>members, an IMRF specific mortality table was used with fully generational projection<br>scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014<br>Employee Mortality Table with adjustments to match current IMRF experience. |

#### Other Information:

Notes There were no benefit changes during the year

\* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

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### Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

#### Methods and Assumptions Used to Determine Total Pension Liability:

|                           |   |
|---------------------------|---|
| Actuarial Cost Method     | Entry Age Normal  |
| Asset Valuation Method    | Market Value of Assets  |
| Price Inflation           | 2.50%   |
| Salary Increases          | 3.39% to 14.25%   |
| Investment Rate of Return | 7.50%   |
| Retirement Age            | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016   |
| Mortality                 | For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. |

#### Other Information:

|       |   |
|-------|---|
| Notes | There were no benefit changes during the year |
|-------|---|

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2017 Illinois Municipal Retirement annual actuarial valuation report.

# VILLAGE OF ISLAND LAKE, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2018*

## NOTE 5 – POLICE PENSION

---

### PLAN DESCRIPTION –

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 108 1/2 Article 3) and may be amended only by the Illinois legislature. The Village of Island Lake accounts for the plan as a pension trust fund. The Village's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2018 was \$890,386.

The following is a summary of the Police Pension Plan as provided for in the Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 1/2 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or 1/2 of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary.

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – POLICE PENSION (CONTINUED)

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### Membership

|   |                  |
|---|------------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 8                |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits    | 10               |
| Active Plan Members   | <u>13</u>        |
| <b>Total</b>  | <u><u>31</u></u> |

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS-

*Basis of accounting* -- The financial statements are prepared using the accrual basis of accounting. Employees and employer contributions are recognized as revenues in the period in which employee services are performed.

*Method used to value investments* -- Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

### SUMMARY OF SIGNIFICANT ACTUARIAL ASSUMPTIONS –

|  |             |
|--|-------------|
| Discount Rate used for the Total Pension Liability | 6.49%       |
| Long-Term Expected Rate of Return on Plan Assets   | 6.50%       |
| High Quality 20 Year Tax-Exempt G.O. Bond Rate     | 3.97%       |
| Projected Individual Salary Increases              | 3.50-11.00% |
| Cost of Living Adjustment                          | 3.00%       |
| Inflation Rate Included                            | 2.50%       |

### TOTAL PENSION LIABILITY –

|                             |                            |
|-----------------------------|----------------------------|
|                             | <u>2018</u>                |
| Total Pension Liability     | \$ 7,908,414               |
| Plan Fiduciary Net Position | <u>(3,650,255)</u>         |
| Net Pension Liability       | <u><u>\$ 4,258,159</u></u> |



# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – POLICE PENSION (CONTINUED)

### SENSITIVITY OF THE DISCOUNT RATE –

|                                | 1%<br>Decrease<br>5.49% | Current<br>Discount<br>Rate 6.49% | 1%<br>Increase<br>7.49% |
|--------------------------------|-------------------------|-----------------------------------|-------------------------|
| Employer Net Pension Liability | \$ 5,381,658            | \$ 4,258,159                      | \$ 3,339,168            |

### CHANGES IN THE TOTAL PENSION LIABILITY –

|   | 2018                |
|---|---------------------|
| Service Cost  | \$ 264,016          |
| Interest  | 503,981             |
| Changes of Benefit Terms  | -                   |
| Differences Between Expected and Actual Experience                            | 106,397             |
| Changes in Assumptions  | (239,408)           |
| Benefit Payments and Refunds  | (432,210)           |
| Net Change in Total Pension Liability   | \$ 202,776          |
| Total Pension Liability - Beginning   | 7,705,638           |
| Total Pension Liability - Ending (a)  | <u>\$ 7,908,414</u> |
| Plan Fiduciary Net Position - Ending (b)                                      | <u>\$ 3,650,255</u> |
| Employer's Net Pension Liability - Ending (a)-(b)                             | <u>\$ 4,258,159</u> |
| Plan fiduciary Net Position as a Percentage<br>of the Total pension Liability | 46.16%              |
| Covered-Employee Payroll  | \$ 890,386          |
| Employer's Net Pension Liability as a Percentage<br>of Employee Payroll       | 478.24%             |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – POLICE PENSION (CONTINUED)

### CHANGES IN NET PENSION LIABILITY -

|                                     | Total Pension<br>Liability (a) | Plan Fiduciary<br>Net Position (b) | Net Position<br>Liability (a) - (b) |
|-------------------------------------|--------------------------------|------------------------------------|-------------------------------------|
| Balances Beginning at 5/01/17       | \$ 7,705,638                   | \$ 3,607,330                       | \$ 4,098,308                        |
| Changes for the year:               |                                |                                    |                                     |
| Service Cost                        | \$ 264,016                     | \$ -                               | \$ 264,016                          |
| Interest                            | 503,981                        | -                                  | 503,981                             |
| Actuarial Experience                | 106,397                        | -                                  | 106,397                             |
| Assumptions Changes                 | (239,408)                      | -                                  | (239,408)                           |
| Plan Changes                        | -                              | -                                  | -                                   |
| Contributions - Employer            | -                              | 243,401                            | (243,401)                           |
| Contributions - Employee            | -                              | 83,915                             | (83,915)                            |
| Contributions - Other               | -                              | -                                  | -                                   |
| Net Investment Income               | -                              | 170,037                            | (170,037)                           |
| Benefit payments, including refunds | (432,210)                      | (432,210)                          | -                                   |
| Administrative Expense              | -                              | (22,218)                           | 22,218                              |
| Net Changes                         | 202,776                        | 42,925                             | 159,851                             |
| Balances Ending at 4/30/18          | \$ 7,908,414                   | \$ 3,650,255                       | \$ 4,258,159                        |

### DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES -

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the pension fund. Differences in projected and actual earnings over the measurement period are recognized over a 5 year period. Amounts not yet recognized are summarized below.

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Experience                                  | \$ 145,395                        | \$ 202,782                       |
| Changes in Assumptions  | 362,525                           | 199,505                          |
| Net Difference Between Projected and Actual<br>Earnings on Pension Plan Investments | 155,781                           | -                                |
| Total   | \$ 663,701                        | \$ 402,287                       |

# VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2018

## NOTE 5 – POLICE PENSION (CONCLUDED)

---

Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

| Year Ended April, 30: | Net Deferred Outflows |
|-----------------------|-----------------------|
| 2019                  | \$ 147,278            |
| 2020                  | 147,278               |
| 2021                  | (868)                 |
| 2022                  | (10,106)              |
| 2023                  | (22,168)              |
| Thereafter            | -                     |
| Total                 | <u>\$ 261,414</u>     |

## NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

---

As of these financial statements, the Village has adopted GASB Statement No. 65 and No.68, which defined how certain financial statement elements are presented in the statement of financial position. The elements are classified as follows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Accordingly, the item, deferred pension outflows, is reported only in the government-wide statement of net position. Deferred outflows of resources (\$663,701) reported are for pension related expenses to be recognized in the following year(s).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, which arises and qualifies for reporting in this category. Accordingly, the item, deferred inflow-property taxes, is reported in the governmental funds balance sheet and government-wide statement of net position. Deferred inflows of resources (\$402,287) reported for property taxes to be received in the following year.

# VILLAGE OF ISLAND LAKE, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2018*

## NOTE 8 – SUBSEQUENT EVENTS

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Subsequent events are events or transactions that occur after the balance sheet date but before the financial Statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between April 30, 2018 and the date of this audit report requiring disclosure in the financial statements.

## VILLAGE OF ISLAND LAKE

### General Fund - Statement of Revenues - Appropriations and Actual

Year Ended April 30, 2018

| Revenues                       | Appropriations      |                     | Modified            |
|--------------------------------|---------------------|---------------------|---------------------|
|                                | Original            | Final               | Accrual<br>Basis    |
| Administrative                 | \$ 3,445,770        | \$ 3,445,770        | \$ 3,360,298        |
| Audit fund                     | 17,085              | 17,085              | 16,679              |
| Lake management fund           | 17,535              | 17,535              | 13,545              |
| Tort immunity (liability) fund | 129,684             | 129,684             | 196,232             |
| Police protection fund         | 644,100             | 644,100             | 772,039             |
| Street and bridge fund         | 83,820              | 83,820              | 41,970              |
| Social security fund           | -                   | -                   | 145,213             |
| IMRF fund                      | -                   | -                   | 80,455              |
| <b>Total Revenues</b>          | <b>\$ 4,337,994</b> | <b>\$ 4,337,994</b> | <b>\$ 4,626,431</b> |

# VILLAGE OF ISLAND LAKE

## General Fund - Statement of Expenditures and Comparison with Appropriations

Year Ended April 30, 2018

|                                      | Appropriations |                | Modified       |
|--------------------------------------|----------------|----------------|----------------|
|                                      | Original       | Final          | Accrual Basis  |
| <b>Administrative</b>                |                |                |                |
| Administrative salaries              | \$ 138,000     | \$ 138,000     | \$ 180,221     |
| Elected officials                    | 54,000         | 54,000         | 87,931         |
| Overtime                             | 1,200          | 1,200          | 51             |
| Zoning board of appeals              | 1,200          | 1,200          | 30             |
| Planning commission                  | -              | -              | 780            |
| Liquor commission                    | 144            | 144            | 90             |
| Retirement contribution              | -              | -              | 57,111         |
| Sick-time buy back                   | 1,800          | 1,800          | -              |
| Part-time salaries                   | 103,056        | 103,056        | 44,425         |
| <b>Total Administrative Salaries</b> | <b>299,400</b> | <b>299,400</b> | <b>370,639</b> |
| <b>Contractual Service</b>           |                |                |                |
| Health and life insurance            | 34,000         | 34,000         | 36,037         |
| Maintenance - equipment              | 1,800          | 1,800          | 1,377          |
| Maintenance - vehicles               | 1,800          | 1,800          | 860            |
| Engineering services                 | 24,000         | 24,000         | 25,798         |
| Legal services                       | 144,000        | 144,000        | 106,619        |
| Data processing                      | 72,000         | 72,000         | 23,996         |
| Other professional services          | 16,000         | 16,000         | 22,135         |
| Postage                              | 9,000          | 9,000          | 6,209          |
| Telephone                            | 6,000          | 6,000          | 6,545          |
| Publishing                           | 5,000          | 5,000          | 6,911          |
| Dues and subscriptions               | 6,000          | 6,000          | 5,227          |
| Travel and meetings                  | 1,200          | 1,200          | 46             |
| Training                             | 600            | 600            | -              |
| General insurance                    | 600            | 600            | 475            |
| Rentals                              | 300            | 300            | 2,611          |
| Forms and printing                   | 6,000          | 6,000          | 2,604          |
| Bank charges                         | 500            | 500            | -              |
| <b>Total Contractual Services</b>    | <b>328,800</b> | <b>328,800</b> | <b>247,450</b> |
| <b>Commodities</b>                   |                |                |                |
| Office Supplies                      | 4,500          | 4,500          | 4,431          |
| Gasoline and oil                     | 500            | 500            | -              |

# VILLAGE OF ISLAND LAKE

## General Fund - Statement of Expenditures and Comparison with Appropriations

Year Ended April 30, 2018

|  | Appropriations |                | Modified       |
|--|----------------|----------------|----------------|
|  | Original       | Final          | Accrual Basis  |
| <b>Administrative (continued)</b>        |                |                |                |
| <b>Commodities (continued)</b>           |                |                |                |
| Operating supplies                       | \$ 3,600       | \$ 3,600       | \$ 3,093       |
| Vehicle maintenance supplies             | 500            | 500            | -              |
| <b>Total Commodities</b>                 | <b>9,100</b>   | <b>9,100</b>   | <b>7,524</b>   |
| <b>Other Expenditures</b>                |                |                |                |
| Community relations                      | 19,000         | 19,000         | 24,368         |
| Economic development                     | 12,000         | 12,000         | -              |
| Miscellaneous expenses                   | 1,500          | 1,500          | 7,633          |
| <b>Total Other Expenditures</b>          | <b>32,500</b>  | <b>32,500</b>  | <b>32,001</b>  |
| <b>Capital Outlay</b>                    |                |                |                |
| Equipment                                | 3,600          | 3,600          | 7,155          |
| Vehicles                                 | 3,600          | 3,600          | -              |
| <b>Total Capital Outlay</b>              | <b>7,200</b>   | <b>7,200</b>   | <b>7,155</b>   |
| <b>Debt Service</b>                      |                |                |                |
| Bond Payment - Principle                 | 90,000         | 90,000         | 81,812         |
| Bond Payment - Interest                  | 8,174          | 8,174          | 6,063          |
| <b>Total Debt Service</b>                | <b>98,174</b>  | <b>98,174</b>  | <b>87,875</b>  |
| <b>Total Administrative Expenditures</b> | <b>775,174</b> | <b>775,174</b> | <b>752,644</b> |
| <b>Building and Grounds</b>              |                |                |                |
| <b>Personnel</b>                         |                |                |                |
| Salaries - personnel                     | 10,200         | 10,200         | 6,228          |
| Retirement contribution                  | -              | -              | 459            |
| <b>Total Personnel</b>                   | <b>10,200</b>  | <b>10,200</b>  | <b>6,687</b>   |
| <b>Contractual Services</b>              |                |                |                |
| Maintenance - building                   | 30,000         | 30,000         | 18,695         |
| Maintenance - equipment                  | 15,000         | 15,000         | 10,148         |
| Maintenance - grounds                    | 63,000         | 63,000         | 61,235         |

# VILLAGE OF ISLAND LAKE

## General Fund - Statement of Expenditures and Comparison with Appropriations

Year Ended April 30, 2018

|   | <b>Appropriations</b> |                | <b>Modified</b> |
|---|-----------------------|----------------|-----------------|
|   | <b>Original</b>       | <b>Final</b>   | <b>Accrual</b>  |
|   |                       |                | <b>Basis</b>    |
| <b>Building and Grounds (continued)</b> |                       |                |                 |
| <b>Contractual Services (continued)</b> |                       |                |                 |
| Janitorial service                      | \$ 30,000             | \$ 30,000      | \$ 19,597       |
| Mosquito control                        | -                     | -              | 3,750           |
| Uniforms                                | -                     | -              | 1,097           |
| Sewer fees                              | 16,000                | 16,000         | 1,465           |
| Rentals                                 | 4,000                 | 4,000          | 2,611           |
| <b>Total Contractual Services</b>       | <b>158,000</b>        | <b>158,000</b> | <b>118,598</b>  |
| <b>Commodities</b>                      |                       |                |                 |
| Operating supplies                      | 1,200                 | 1,200          | 363             |
| Janitorial supplies                     | -                     | -              | 3,268           |
| Small equipment                         | 12,000                | 12,000         | 831             |
| Building maintenance supplies           | 7,000                 | 7,000          | 4,256           |
| Miscellaneous other expenditures        | 600                   | 600            | 52              |
| <b>Total Commodities</b>                | <b>20,800</b>         | <b>20,800</b>  | <b>8,770</b>    |
| <b>Capital Outlay</b>                   |                       |                |                 |
| Building                                | -                     | -              | 28,910          |
| Equipment                               | -                     | -              | 11,528          |
| <b>Total Capital Outlay</b>             | <b>-</b>              | <b>-</b>       | <b>40,438</b>   |
| <b>Total Building and Grounds</b>       | <b>189,000</b>        | <b>189,000</b> | <b>174,493</b>  |
| <b>Fire and Police Commission</b>       |                       |                |                 |
| <b>Contractual Services</b>             |                       |                |                 |
| Fire and police commission salaries     | 2,000                 | 2,000          | 1,680           |
| Medical Services                        | 1,400                 | 1,400          | -               |
| Other Professional Services             | 6,000                 | 6,000          | 7,884           |
| Dues                                    | 500                   | 500            | 375             |
| Miscellaneous Expense                   | 500                   | 500            | -               |
| <b>Total Contractual Services</b>       | <b>10,400</b>         | <b>10,400</b>  | <b>9,939</b>    |
| <b>Total Fire and Police Commission</b> | <b>10,400</b>         | <b>10,400</b>  | <b>9,939</b>    |



# VILLAGE OF ISLAND LAKE

## General Fund - Statement of Expenditures and Comparison with Appropriations

Year Ended April 30, 2018

|  | Appropriations     |                    | Modified           |
|--|--------------------|--------------------|--------------------|
|  | Original           | Final              | Accrual Basis      |
| <b>Continued</b>                           |                    |                    |                    |
| <b>Emergency Management</b>                |                    |                    |                    |
| Maintenance - equipment                    | \$ 1,560           | \$ 1,560           | \$ 117             |
| Operating supplies                         | -                  | -                  | 204                |
| Small tools                                | 300                | 300                | 1,468              |
| Miscellaneous Expense                      | 700                | 700                | 602                |
| <b>Total Emergency Management</b>          | <b>2,560</b>       | <b>2,560</b>       | <b>2,391</b>       |
| <br><b>Total General Expenditures</b>      | <br><b>977,134</b> | <br><b>977,134</b> | <br><b>939,467</b> |
| <br><b>Lake Management Committee</b>       |                    |                    |                    |
| <b>Contractual Services</b>                |                    |                    |                    |
| Personnel Services                         | 4,400              | 4,400              | 1,920              |
| Other professional services                | 18,000             | 18,000             | 1,300              |
| Lake and weed maintenance                  | 26,000             | 26,000             | 21,890             |
| <b>Total Contractual Services</b>          | <b>48,400</b>      | <b>48,400</b>      | <b>25,110</b>      |
| <br><b>Commodities</b>                     |                    |                    |                    |
| Operating supplies                         | 1,500              | 1,500              | 476                |
| Signs and poles                            | 1,000              | 1,000              | -                  |
| <b>Total Commodities</b>                   | <b>2,500</b>       | <b>2,500</b>       | <b>476</b>         |
| <br><b>Capital Outlay</b>                  |                    |                    |                    |
| Equipment                                  | -                  | -                  | 349                |
| Improvements                               | 85,000             | 85,000             | 2,691              |
| <b>Total Capital Outlay</b>                | <b>85,000</b>      | <b>85,000</b>      | <b>3,040</b>       |
| <br><b>Total Lake Management Committee</b> | <br><b>135,900</b> | <br><b>135,900</b> | <br><b>28,626</b>  |
| <br><b>Tort Immunity (Liability)</b>       |                    |                    |                    |
| Unemployment insurance                     | 18,000             | 18,000             | -                  |
| Liability insurance                        | 138,000            | 138,000            | 128,181            |
| <b>Total Tort Immunity (Liability)</b>     | <b>156,000</b>     | <b>156,000</b>     | <b>128,181</b>     |

# VILLAGE OF ISLAND LAKE

## General Fund - Statement of Expenditures and Comparison with Appropriations

Year Ended April 30, 2018

|                                   | Appropriations   |                  | Modified         |
|-----------------------------------|------------------|------------------|------------------|
|                                   | Original         | Final            | Accrual Basis    |
| <b>Continued</b>                  |                  |                  |                  |
| <b>Audit</b>                      |                  |                  |                  |
| Accounting services               | \$ 37,000        | \$ 37,000        | \$ 24,000        |
| <b>Total Audit</b>                | <u>37,000</u>    | <u>37,000</u>    | <u>24,000</u>    |
| <b>Police Protection</b>          |                  |                  |                  |
| <b>Personnel Services</b>         |                  |                  |                  |
| Employee salaries                 | 1,300,000        | 1,300,000        | 1,058,011        |
| Overtime                          | 168,000          | 168,000          | 203,451          |
| Sick-time, vacation buy back      | 5,600            | 5,600            | -                |
| Part-time salary                  | 132,000          | 132,000          | 83,328           |
| Records clerk                     | 95,680           | 95,680           | -                |
| FTO and OIC pay                   | 21,000           | 21,000           | 17,435           |
| Retirement contribution           | 120,000          | 120,000          | 120,174          |
| Health and life insurance         | 186,000          | 186,000          | 118,262          |
| <b>Total Personnel Services</b>   | <u>2,028,280</u> | <u>2,028,280</u> | <u>1,600,661</u> |
| <b>Contractual Services</b>       |                  |                  |                  |
| Maintenance - equipment           | 6,000            | 6,000            | 3,392            |
| Maintenance - vehicles            | 42,000           | 42,000           | 19,400           |
| Maintenance - Other               | 70,000           | 70,000           | 41,251           |
| Legal services                    | 72,000           | 72,000           | 109,642          |
| Employer contributions            | -                | -                | 243,328          |
| Telephone                         | 6,000            | 6,000            | 10,411           |
| Medical services                  | 2,000            | 2,000            | 2,331            |
| Other communications              | 600              | 600              | 1,013            |
| Dues and subscriptions            | 10,000           | 10,000           | 8,221            |
| Training                          | 5,000            | 5,000            | 5,760            |
| Data processing services          | 3,000            | 3,000            | 2,482            |
| Other professional services       | 158,000          | 158,000          | 135,939          |
| Postage                           | 1,600            | 1,600            | 1,600            |
| Forms and printing                | 1,200            | 1,200            | 39               |
| Travel expenses                   | 2,000            | 2,000            | 21               |
| <b>Total Contractual Services</b> | <u>379,400</u>   | <u>379,400</u>   | <u>584,830</u>   |

**VILLAGE OF ISLAND LAKE***General Fund - Statement of Expenditures and Comparison with Appropriations**Year Ended April 30, 2018*

|                                      | <b>Appropriations</b> |                  | <b>Modified</b>  |
|--------------------------------------|-----------------------|------------------|------------------|
|                                      | <b>Original</b>       | <b>Final</b>     | <b>Accrual</b>   |
|                                      |                       |                  | <b>Basis</b>     |
| <b>Police Protection (continued)</b> |                       |                  |                  |
| <b>Commodities</b>                   |                       |                  |                  |
| Office supplies                      | \$ 4,500              | \$ 4,500         | \$ 3,337         |
| Gasoline and oil                     | 50,000                | 50,000           | 32,698           |
| Operating Supplies                   | 11,500                | 11,500           | 13,815           |
| Uniforms                             | 22,000                | 22,000           | 12,926           |
| Vehicle maintenance supplies         | 2,500                 | 2,500            | 3,238            |
| Animal Control                       | 100                   | 100              | 235              |
| Miscellaneous expense                | 600                   | 600              | 140              |
| <b>Total Commodities</b>             | <b>91,200</b>         | <b>91,200</b>    | <b>66,389</b>    |
| <b>Capital Outlay</b>                |                       |                  |                  |
| Equipment                            | 55,000                | 55,000           | 10,304           |
| Vehicles                             | 70,000                | 70,000           | 52,182           |
| <b>Total Capital Outlay</b>          | <b>125,000</b>        | <b>125,000</b>   | <b>62,486</b>    |
| <b>Total Police Protection</b>       | <b>2,623,880</b>      | <b>2,623,880</b> | <b>2,314,366</b> |
| <b>Street and Bridge</b>             |                       |                  |                  |
| <b>Personnel Services</b>            |                       |                  |                  |
| Employee salaries                    | 474,000               | 474,000          | 349,347          |
| Overtime                             | 60,000                | 60,000           | 18,986           |
| Part-time salary                     | 48,000                | 48,000           | 53,908           |
| Retirement contribution              | 32,000                | 32,000           | 85,735           |
| Health and life insurance            | 100,000               | 100,000          | 88,223           |
| <b>Total Personnel Services</b>      | <b>714,000</b>        | <b>714,000</b>   | <b>596,199</b>   |
| <b>Contractual Services</b>          |                       |                  |                  |
| Maintenance - equipment              | 19,200                | 19,200           | 15,371           |
| Storm water tracking                 | 1,200                 | 1,200            | 1,000            |
| Maintenance - vehicles               | 10,200                | 10,200           | 2,407            |
| Telephone                            | 5,000                 | 5,000            | 3,906            |
| Other communications                 | 3,000                 | 3,000            | 2,736            |
| Other professional services          | 1,000                 | 1,000            | 430              |

# VILLAGE OF ISLAND LAKE

## General Fund - Statement of Expenditures and Comparison with Appropriations

Year Ended April 30, 2018

|   | Appropriations      |                     | Modified            |
|---|---------------------|---------------------|---------------------|
|   | Original            | Final               | Accrual Basis       |
| <b>Street and Bridge (continued)</b>    |                     |                     |                     |
| <b>Contractual Services (continued)</b> |                     |                     |                     |
| Medical services                        | \$ -                | \$ -                | \$ 524              |
| Dues and subscriptions                  | 500                 | 500                 | 416                 |
| Training                                | 500                 | 500                 | 988                 |
| Utilities                               | 900                 | 900                 | 3                   |
| Rental                                  | 6,000               | 6,000               | 6,981               |
| Tree removal                            | 9,000               | 9,000               | -                   |
| <b>Total Contractual Services</b>       | <b>56,500</b>       | <b>56,500</b>       | <b>34,762</b>       |
| <b>Commodities</b>                      |                     |                     |                     |
| Office supplies                         | 1,800               | 1,800               | 908                 |
| Gasoline and oil                        | 25,000              | 25,000              | 22,294              |
| Operating supplies                      | 6,000               | 6,000               | 6,004               |
| Small tools                             | 2,600               | 2,600               | 5,087               |
| Signs and poles                         | 2,400               | 2,400               | 2,775               |
| Uniforms                                | 7,000               | 7,000               | 5,127               |
| Street lighting                         | -                   | -                   | 6,559               |
| Miscellaneous                           | -                   | -                   | 236                 |
| Culvert supplies                        | -                   | -                   | 82                  |
| Vehicle maintenance supplies            | 18,000              | 18,000              | 24,423              |
| Street maintenance supplies             | 30,000              | 30,000              | 11,673              |
| NPDES permitting                        | 1,200               | 1,200               | -                   |
| <b>Total Commodities</b>                | <b>94,000</b>       | <b>94,000</b>       | <b>85,168</b>       |
| <b>Capital Outlay</b>                   |                     |                     |                     |
| Equipment                               | 1,200               | 1,200               | 3,647               |
| Maintenance - streets                   | 12,000              | 12,000              | 126,852             |
| Vehicles                                | 153,000             | 153,000             | 69,254              |
| <b>Total Capital Outlay</b>             | <b>166,200</b>      | <b>166,200</b>      | <b>199,753</b>      |
| <b>Total Street and Bridge</b>          | <b>1,030,700</b>    | <b>1,030,700</b>    | <b>915,882</b>      |
| Operational transfers out               | -                   | -                   | 18,024              |
| <b>Total General Fund</b>               | <b>\$ 4,960,614</b> | <b>\$ 4,960,614</b> | <b>\$ 4,368,546</b> |

# VILLAGE OF ISLAND LAKE

Garbage Fund - Statement of Revenue, Expenditures and Changes in Fund Balance -

Appropriations and Actual

Year Ended April 30, 2018

|  | Appropriations     |                    | Modified          |
|--|--------------------|--------------------|-------------------|
|  | Original           | Final              | Accrual           |
|  |                    |                    | Basis             |
| <b>Revenue</b>                         |                    |                    |                   |
| Charges for services                   | \$ 675,379         | \$ 675,379         | \$ 654,042        |
| Miscellaneous and other income         | 500                | 500                | 2,863             |
| <b>Total Revenue</b>                   | <b>675,879</b>     | <b>675,879</b>     | <b>656,905</b>    |
| <b>Expenditures</b>                    |                    |                    |                   |
| <b>Personnel Services</b>              |                    |                    |                   |
| Salaries                               | 45,000             | 45,000             | 92,630            |
| Social security                        | -                  | -                  | 5,540             |
| Medicare                               | -                  | -                  | 1,296             |
| IMRF                                   | -                  | -                  | 4,028             |
| <b>Total Personnel Services</b>        | <b>45,000</b>      | <b>45,000</b>      | <b>103,494</b>    |
| <b>Contractual Services</b>            |                    |                    |                   |
| Health insurance                       | 3,800              | 3,800              | 16,085            |
| Data processing                        | 300                | 300                | -                 |
| Postage                                | 3,000              | 3,000              | -                 |
| Garbage disposal                       | 715,000            | 715,000            | 612,464           |
| Forms and printing                     | 700                | 700                | -                 |
| <b>Total Contractual Services</b>      | <b>722,800</b>     | <b>722,800</b>     | <b>628,549</b>    |
| <b>Other Expenditures</b>              |                    |                    |                   |
| Miscellaneous expenditures             | 7,200              | 7,200              | 4,176             |
| <b>Total Other Expenditures</b>        | <b>7,200</b>       | <b>7,200</b>       | <b>4,176</b>      |
| <b>Total Expenditures</b>              | <b>775,000</b>     | <b>775,000</b>     | <b>736,219</b>    |
| <b>Net Change in Fund Balance</b>      | <b>\$ (99,121)</b> | <b>\$ (99,121)</b> | <b>(79,314)</b>   |
| <b>Fund Balance</b>                    |                    |                    |                   |
| Balance, Beginning of Year             |                    |                    | 285,316           |
| <b>Total Fund Balance, End of Year</b> |                    |                    | <b>\$ 206,002</b> |

# VILLAGE OF ISLAND LAKE

*Recreation Fund - Statement of Revenue, Expenditures and Changes in Fund Balance -*

*Appropriations and Actual*

*Year Ended April 30, 2018*

| Revenue                           | Appropriations |                | Modified       |
|-----------------------------------|----------------|----------------|----------------|
|                                   | Original       | Final          | Accrual Basis  |
| Classes                           | \$ 13,800      | \$ 13,800      | \$ 12,747      |
| Craft Faire                       | 3,500          | 3,500          | 3,314          |
| Creative playtime                 | 65,000         | 65,000         | 69,098         |
| Summer camp                       | 45,000         | 45,000         | 29,673         |
| Club fees                         | 122,000        | 122,000        | 95,544         |
| Grants, donations and fundraisers | 34,538         | 34,538         | 55,633         |
| Miscellaneous and other income    | 44,688         | 44,688         | 2,161          |
| <b>Total Revenue</b>              | <b>328,526</b> | <b>328,526</b> | <b>268,170</b> |
| <b>Expenditures</b>               |                |                |                |
| <b>Personnel Services</b>         |                |                |                |
| General administrative salaries   | 67,000         | 67,000         | 38,972         |
| Instructor salaries               | 8,000          | 8,000          | 7,003          |
| Creative playtime salaries        | 66,000         | 66,000         | 52,946         |
| Club salaries                     | 95,000         | 95,000         | 71,033         |
| IMRF                              | 9,100          | 9,100          | 7,966          |
| Social security tax               | 15,000         | 15,000         | 10,310         |
| Medicare tax                      | 3,500          | 3,500          | 2,411          |
| <b>Total Personnel Services</b>   | <b>263,600</b> | <b>263,600</b> | <b>190,641</b> |
| <b>Contractual Services</b>       |                |                |                |
| Health insurance                  | 30,000         | 30,000         | 4,387          |
| Telephone                         | 1,000          | 1,000          | 528            |
| Maintenance - equipment           | 3,900          | 3,900          | 1,275          |
| Maintenance - building            | -              | -              | 1,950          |
| Postage                           | 260            | 260            | -              |
| Field trips                       | 11,000         | 11,000         | 10,206         |
| Lakefest                          | 5,000          | 5,000          | 7,029          |
| Fireworks                         | 28,000         | 28,000         | 46,777         |
| Concerts in the park              | 3,000          | 3,000          | 2,300          |
| Other events                      | 3,600          | 3,600          | -              |
| Training                          | 1,000          | 1,000          | -              |
| Publishing                        | 1,490          | 1,490          | -              |

# VILLAGE OF ISLAND LAKE

*Recreation Fund - Statement of Revenue, Expenditures and Changes in Fund Balance -*

*Appropriations and Actual*

*Year Ended April 30, 2018*

|   | Appropriations     |                    | Modified         |
|---|--------------------|--------------------|------------------|
|   | Original           | Final              | Accrual          |
|   |                    |                    | Basis            |
| <b>Recreation Fund (continued)</b>      |                    |                    |                  |
| <b>Contractual Services (continued)</b> |                    |                    |                  |
| Forms and printing                      | \$ 300             | \$ 300             | \$ -             |
| <b>Total Contractual Services</b>       | <u>88,550</u>      | <u>88,550</u>      | <u>74,452</u>    |
| <b>Commodities</b>                      |                    |                    |                  |
| Recreation supplies                     | -                  | -                  | 4,087            |
| Office supplies                         | 1,400              | 1,400              | 1,174            |
| Fund raising specials                   | 1,200              | 1,200              | 3,984            |
| Small tools and minor equipment         | 400                | 400                | 233              |
| Operating supplies                      | 19,000             | 19,000             | 12,654           |
| Craft faire                             | 1,000              | 1,000              | 565              |
| Gas & oil                               | 1,000              | 1,000              | 492              |
| Miscellaneous expenditures              | 400                | 400                | 197              |
| <b>Total Commodities</b>                | <u>24,400</u>      | <u>24,400</u>      | <u>23,386</u>    |
| <b>Other Expenditures</b>               |                    |                    |                  |
| Equipment                               | 250                | 250                | 2,204            |
| <b>Total Other Expenditures</b>         | <u>250</u>         | <u>250</u>         | <u>2,204</u>     |
| <b>Total Expenditures</b>               | <u>376,800</u>     | <u>376,800</u>     | <u>290,683</u>   |
| <b>Net Change in Fund Balance</b>       | <u>\$ (48,274)</u> | <u>\$ (48,274)</u> | (22,513)         |
| <b>Fund Balance</b>                     |                    |                    |                  |
| Balance, Beginning of Year              |                    |                    | 107,003          |
| <b>Total Fund Balance, End of Year</b>  |                    |                    | <u>\$ 84,490</u> |

## VILLAGE OF ISLAND LAKE

### Motor Fuel Tax Fund - Statement of Revenue, Expenditures and Changes in Fund Balance - Appropriations and Actual

Year Ended April 30, 2018

|  | Appropriations      |                     | Modified            |
|--|---------------------|---------------------|---------------------|
|  | Original            | Final               | Accrual<br>Basis    |
| <b>Revenue</b>                         |                     |                     |                     |
| Allotments                             | \$ 183,000          | \$ 183,000          | \$ 205,500          |
| Interest income                        | 600                 | 600                 | 1,067               |
| Other                                  | -                   | -                   | 37,371              |
| <b>Total Revenue</b>                   | <b>183,600</b>      | <b>183,600</b>      | <b>243,938</b>      |
| <b>Expenditures</b>                    |                     |                     |                     |
| Maintenance streets                    | 606,000             | 606,000             | 373,924             |
| Street lighting                        | 41,000              | 41,000              | 64,979              |
| Materials and supplies                 | 78,000              | 78,000              | 46,753              |
| <b>Total Expenditures</b>              | <b>725,000</b>      | <b>725,000</b>      | <b>485,656</b>      |
| <b>Net Change in Fund Balance</b>      | <b>\$ (541,400)</b> | <b>\$ (541,400)</b> | <b>(241,718)</b>    |
| <b>Fund Balance</b>                    |                     |                     |                     |
| Balance, Beginning of Year             |                     |                     | (13,723)            |
| <b>Total Fund Balance, End of Year</b> |                     |                     | <b>\$ (255,441)</b> |



## VILLAGE OF ISLAND LAKE

*Debt Service Fund - Statement of Revenue, Expenditures and Changes in Fund Balance -*

*Appropriations and Actual*

*Year Ended April 30, 2018*

|  | <b>Appropriations</b> |              | <b>Modified</b> |
|--|-----------------------|--------------|-----------------|
|  | <b>Original</b>       | <b>Final</b> | <b>Accrual</b>  |
|  |                       |              | <b>Basis</b>    |
| <b>Revenue</b>                             |                       |              |                 |
| Interest income                            | \$ -                  | \$ -         | \$ -            |
| <b>Total Revenue</b>                       | -                     | -            | -               |
| <b>Expenditures</b>                        |                       |              |                 |
| Principal payments                         | -                     | -            | -               |
| Interest expense                           | -                     | -            | -               |
| <b>Total Expenditures</b>                  | -                     | -            | -               |
| <b>Excess (Deficiency) of Revenue Over</b> |                       |              |                 |
| <b>Expenditures and Other Uses</b>         | -                     | -            | -               |
| Operational transfers in/(out)             | -                     | -            | 18,024          |
| Net Change in Fund Balance                 | \$ -                  | \$ -         | 18,024          |
| <b>Fund Balance</b>                        |                       |              |                 |
| Balance, Beginning of Year                 |                       |              | 83,913          |
| <b>Total Fund Balance, End of Year</b>     |                       |              | \$ 101,937      |

**VILLAGE OF ISLAND LAKE, ILLINOIS**

**Schedule of Required Supplemental Information  
Multi-year Schedule of IMRF Pension Contributions  
Last 10 Calendar Years**

*(Schedule to be built prospectively from 2015)*

| <b>Calendar Year<br/>Ending<br/>December 31,</b> | <b>Actuarially<br/>Determined<br/>Contribution</b> | <b>Actual<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered<br/>Valuation<br/>Payroll</b> | <b>Actual Contribution as<br/>a % of Covered<br/>Valuation Payroll</b> |
|--|--|--------------------------------|---|--|--|
| 2015   | \$ 138,608   | \$ 138,667                     | \$ (59)   | \$ 1,005,863                             | 13.79%   |
| 2016   | \$ 156,342   | \$ 156,342                     | \$ -  | \$ 1,182,429                             | 13.22%   |
| 2017   | \$ 158,532 *                                       | \$ 158,532                     | \$ -  | \$ 1,245,688                             | 12.73%   |

\* Estimated based on a contribution rate of 12.73% and covered valuation payroll of \$1,245,688.

**VILLAGE OF ISLAND LAKE, ILLINOIS**

**Schedule of Required Supplemental Information  
Multi-year Schedule of Changes in Net IMRF Pension Liability and Related Ratios**

**Last 10 Calendar Years**

*(schedule to be built prospectively from 2015)*

| Calendar Year Ending                              | 2017                | 2016                | 2015                | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---------------------|---------------------|---------------------|------|------|------|------|------|------|------|
| <b>Total Pension Liability</b>                    |                     |                     |                     |      |      |      |      |      |      |      |
| Service Cost                                      | \$ 129,073          | \$ 128,813          | \$ 108,309          |      |      |      |      |      |      |      |
| Interest on the Total Pension Liability           | 556,500             | 532,103             | 485,887             |      |      |      |      |      |      |      |
| Benefit Changes                                   | -                   | -                   | -                   |      |      |      |      |      |      |      |
| Difference between Expected and Actual Experience | 51,633              | (11,407)            | 50,490              |      |      |      |      |      |      |      |
| Assumption Changes                                | (225,554)           | (22,906)            | 16,116              |      |      |      |      |      |      |      |
| Benefit Payments and Refunds                      | (357,148)           | (300,588)           | (301,341)           |      |      |      |      |      |      |      |
| <b>Net Change in Total Pension Liability</b>      | 154,504             | 326,015             | 359,461             |      |      |      |      |      |      |      |
| <b>Total Pension Liability - Beginning</b>        | 7,534,038           | 7,208,023           | 6,583,661           |      |      |      |      |      |      |      |
| <b>Total Pension Liability - Ending (a)</b>       | <b>\$ 7,688,542</b> | <b>\$ 7,534,038</b> | <b>\$ 6,943,122</b> |      |      |      |      |      |      |      |

**Plan Fiduciary Net Position**

|  |                     |                     |                     |  |  |  |  |  |  |  |
|--|---------------------|---------------------|---------------------|--|--|--|--|--|--|--|
| Employer Contributions                           | \$ 158,532          | \$ 156,342          | \$ 138,667          |  |  |  |  |  |  |  |
| Employee Contributions                           | 58,761              | 55,838              | 45,264              |  |  |  |  |  |  |  |
| Pension Plan Net Investment Income               | 1,119,401           | 419,765             | 29,082              |  |  |  |  |  |  |  |
| Benefit Payments and Refunds                     | (357,148)           | (300,588)           | (301,341)           |  |  |  |  |  |  |  |
| Other  | (97,998)            | 32,469              | 64,774              |  |  |  |  |  |  |  |
| <b>Net Change in Plan Fiduciary Net Position</b> | 881,548             | 363,826             | (23,554)            |  |  |  |  |  |  |  |
| <b>Plan Fiduciary Net Position - Beginning</b>   | 6,457,745           | 6,093,919           | 5,875,053           |  |  |  |  |  |  |  |
| <b>Plan Fiduciary Net Position - Ending (b)</b>  | <b>\$ 7,339,293</b> | <b>\$ 6,457,745</b> | <b>\$ 5,851,499</b> |  |  |  |  |  |  |  |

**Net Pension Liability/(Asset) - Ending (a) - (b)**

**Plan Fiduciary Net Position as a Percentage of Total Pension Liability**

Covered Valuation Payroll 95.46% 85.71% 84.28%

Net Pension Liability as a Percentage of Covered Valuation Payroll 28.04% 91.02% 108.53%

**VILLAGE OF ISLAND LAKE, ILLINOIS**

**Schedule of Required Supplemental Information  
Multi-year Schedule of Police Pension Contributions  
Last 10 Calendar Years**

*(schedule to be built prospectively from 2015)*

| <b>Calendar Year<br/>Ending<br/>December 31,</b> | <b>Actuarially<br/>Determined<br/>Contribution</b> | <b>Actual<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered<br/>Valuation<br/>Payroll</b> | <b>Actual Contribution as<br/>a % of Covered<br/>Valuation Payroll</b> |
|--|--|--------------------------------|---|--|--|
| 2015   | \$ 247,120   | \$ 244,810                     | \$ 2,310  | \$ 883,994                               | 27.69%   |
| 2016   | \$ 247,120   | \$ 249,889                     | \$ (2,769)                                      | \$ 887,619                               | 28.15%   |
| 2017   | \$ 283,535   | \$ 278,353                     | \$ 5,182  | \$ 862,160                               | 32.29%   |
| 2018   | \$ 321,039   | \$ 243,401                     | \$ 77,638                                       | \$ 890,386                               | 27.34%   |

Note: Actuarially determined contribution rates are calculated as of May 1 of the prior fiscal year.

**VILLAGE OF ISLAND LAKE, ILLINOIS**

**Schedule of Required Supplemental Information  
Multi-year Schedule of Changes in Net Police Pension Liability and Related Ratios**

**Last 10 Calendar Years**

*(Schedule to be built prospectively from 2015)*

| Calendar Year Ending  | 2018                | 2017                | 2016                | 2015                | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------------------|---------------------|---------------------|---------------------|------|------|------|------|------|------|
| <b>Total Pension Liability</b>  |                     |                     |                     |                     |      |      |      |      |      |      |
| Service Cost  | \$ 264,016          | \$ 230,454          | \$ 231,320          | \$ 239,570          |      |      |      |      |      |      |
| Interest on the Total Pension Liability                                       | 503,981             | 501,205             | 444,791             | 406,711             |      |      |      |      |      |      |
| Benefit Changes   | -                   | -                   | -                   | -                   |      |      |      |      |      |      |
| Difference between Expected and Actual Experience                             | 106,397             | (337,970)           | 141,823             | (267,419)           |      |      |      |      |      |      |
| Assumption Changes  | (239,408)           | 356,975             | 370,848             | 475,748             |      |      |      |      |      |      |
| Benefit Payments and Refunds  | (432,210)           | (410,205)           | (355,519)           | (265,712)           |      |      |      |      |      |      |
| <b>Net Change in Total Pension Liability</b>                                  | 202,776             | 340,459             | 833,263             | 588,898             |      |      |      |      |      |      |
| <b>Total Pension Liability - Beginning</b>                                    | 7,705,638           | 7,365,179           | 6,531,916           | 5,943,018           |      |      |      |      |      |      |
| <b>Total Pension Liability - Ending (a)</b>                                   | <b>\$ 7,908,414</b> | <b>\$ 7,705,638</b> | <b>\$ 7,365,179</b> | <b>\$ 6,531,916</b> |      |      |      |      |      |      |
| <b>Plan Fiduciary Net Position</b>  |                     |                     |                     |                     |      |      |      |      |      |      |
| Employer Contributions  | 243,401             | 278,353             | 249,889             | 244,810             |      |      |      |      |      |      |
| Employee Contributions  | 83,915              | 90,071              | 131,357             | 171,675             |      |      |      |      |      |      |
| Pension Plan Net Investment Income  | 170,037             | 212,493             | 12,427              | 135,943             |      |      |      |      |      |      |
| Benefit Payments and Refunds  | (432,210)           | (410,205)           | (355,519)           | (265,712)           |      |      |      |      |      |      |
| Other   | (22,218)            | (16,469)            | (15,360)            | (21,921)            |      |      |      |      |      |      |
| <b>Net Change in Plan Fiduciary Net Position</b>                              | 42,925              | 154,243             | 22,794              | 264,795             |      |      |      |      |      |      |
| <b>Plan Fiduciary Net Position - Beginning</b>                                | 3,607,330           | 3,453,087           | 3,430,293           | 3,165,498           |      |      |      |      |      |      |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                               | <b>\$ 3,650,255</b> | <b>\$ 3,607,330</b> | <b>\$ 3,453,087</b> | <b>\$ 3,430,293</b> |      |      |      |      |      |      |
| <b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>                       | 4,258,159           | 4,098,308           | 3,912,092           | 3,101,623           |      |      |      |      |      |      |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 46.16%              | 46.81%              | 46.88%              | 52.52%              |      |      |      |      |      |      |
| <b>Covered Valuation Payroll</b>  | \$ 890,386          | \$ 862,160          | \$ 887,619          | \$ 883,994          |      |      |      |      |      |      |
| <b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>     | 478.24%             | 475.35%             | 440.74%             | 350.86%             |      |      |      |      |      |      |

# VILLAGE OF ISLAND LAKE, ILLINOIS

## *Notes to Required Supplementary Information* *Year Ended April 30, 2018*

The accounting policies of the Village include the preparation of financial statements on the modified accrual basis of accounting. The Village also prepares its budget on the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, debt service expenditures, and claims and judgments are recognized only when payment is due.

- Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.
- The Village procedures in establishing the budgetary data reflected in the General Fund Financial Statements are presented below:
- A public hearing is conducted at a public meeting to obtain taxpayers comments.
- The Village Treasurer, in consultation with the Board, is authorized to expense the un-expensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
- Formal budgetary integration is not employed as a management control device during the year for any fund.
- Budgetary comparisons presented in the accompanying financial statements are prepared on the modified accrual basis of accounting. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.
- All appropriations lapse at year-end.

# VILLAGE OF ISLAND LAKE

## Proprietary Fund - Waterworks Fund - Statement of Expenditures - Appropriations and Actual

Year Ended April 30, 2018

|   | Appropriations |                | Accrual        |
|---|----------------|----------------|----------------|
|   | Original       | Final          | Basis          |
| <b>Personnel services</b>               |                |                |                |
| Salaries                                | \$ 405,000     | \$ 405,000     | \$ 318,364     |
| Overtime                                | 39,000         | 39,000         | 24,898         |
| Sick-time buy back                      | 1,500          | 1,500          | -              |
| Part-time salaries                      | 38,000         | 38,000         | 13,989         |
| Health and life insurance               | 110,000        | 110,000        | 108,409        |
| Social security                         | 33,000         | 33,000         | 21,853         |
| Medicare                                | 7,200          | 7,200          | 5,111          |
| IMRF                                    | 56,000         | 56,000         | 42,638         |
| <b>Total personnel services</b>         | <b>689,700</b> | <b>689,700</b> | <b>535,262</b> |
| <b>Contractual services</b>             |                |                |                |
| Maintenance - building                  | 10,000         | 10,000         | 923            |
| Maintenance - equipment                 | 96,000         | 96,000         | 26,022         |
| Maintenance - water distribution system | 54,000         | 54,000         | 23,863         |
| Maintenance - vehicles                  | 6,000          | 6,000          | 2,189          |
| Maintenance - grounds                   | -              | -              | 130            |
| Engineering services                    | 120,000        | 120,000        | 7,018          |
| Legal services                          | 3,000          | 3,000          | -              |
| Data processing                         | 54,000         | 54,000         | -              |
| Other professional services             | 20,000         | 20,000         | 7,407          |
| Postage                                 | 7,100          | 7,100          | 1,521          |
| Telephone                               | 4,000          | 4,000          | 1,136          |
| Publishing                              | 1,000          | 1,000          | 39             |
| Dues and subscriptions                  | 4,000          | 4,000          | 2,156          |
| Training                                | 4,500          | 4,500          | 2,222          |
| Utilities                               | 132,000        | 132,000        | 85,692         |
| Liability insurance                     | 60,000         | 60,000         | 42,727         |
| Rentals                                 | 1,000          | 1,000          | -              |
| Forms and printing                      | 3,500          | 3,500          | 1,953          |
| Bank charges                            | 600            | 600            | 475            |
| <b>Total contractual services</b>       | <b>580,700</b> | <b>580,700</b> | <b>205,473</b> |

## VILLAGE OF ISLAND LAKE

### Proprietary Fund - Waterworks Fund - Statement of Expenditures - Appropriations and Actual

Year Ended April 30, 2018

|   | Appropriations      |                     | Accrual             |
|---|---------------------|---------------------|---------------------|
|   | Original            | Final               | Basis               |
| <b>Continued</b>                          |                     |                     |                     |
| <b>Commodities</b>                        |                     |                     |                     |
| Office supplies                           | \$ 2,000            | \$ 2,000            | \$ 1,024            |
| Gasoline and oil                          | 10,000              | 10,000              | 5,775               |
| Operating supplies                        | 7,500               | 7,500               | 6,255               |
| Small tools and minor equipment           | 3,000               | 3,000               | 2,222               |
| Chemicals                                 | 107,000             | 107,000             | 92,690              |
| Uniforms                                  | 5,100               | 5,100               | 3,680               |
| Miscellaneous                             | 400                 | 400                 | 40                  |
| Vehicle maintenance supplies              | 4,000               | 4,000               | 1,742               |
| Building and grounds maintenance supplies | 5,000               | 5,000               | 2,018               |
| Water distribution supplies               | 37,000              | 37,000              | 31,053              |
| Water meters                              | 54,000              | 54,000              | 20,040              |
| <b>Total commodities</b>                  | <b>235,000</b>      | <b>235,000</b>      | <b>166,539</b>      |
| <b>Capital outlay</b>                     |                     |                     |                     |
| Equipment                                 | 36,000              | 36,000              | 7,046               |
| Vehicles                                  | 42,000              | 42,000              | -                   |
| Construction (contracted)                 | 665,000             | 665,000             | 6,630               |
| Depreciation                              | -                   | -                   | 290,449             |
| <b>Total capital outlay</b>               | <b>743,000</b>      | <b>743,000</b>      | <b>304,125</b>      |
| <b>Debt service</b>                       |                     |                     |                     |
| Principal payments                        | 108,000             | 108,000             | -                   |
| Interest expense                          | 6,100               | 6,100               | 5,013               |
| <b>Total debt service</b>                 | <b>114,100</b>      | <b>114,100</b>      | <b>5,013</b>        |
| <b>Total Waterworks Operating Fund</b>    | <b>\$ 2,362,500</b> | <b>\$ 2,362,500</b> | <b>\$ 1,216,412</b> |



# VILLAGE OF ISLAND LAKE

## *Fiduciary Fund - Police Pension Fund - Statement of Revenues, Expenditures and Change in Net Position - Appropriations and Actual*

*Year Ended April 30, 2018*

| Revenue                                | Appropriations      |                     | Modified            |
|--|---------------------|---------------------|---------------------|
|  | Original            | Final               | Accrual<br>Basis    |
| Property tax                           | \$ 89,000           | \$ 89,000           | \$ 243,401          |
| Investment income                      | -                   | -                   | 181,298             |
| Employee contributions                 | 241,219             | 241,219             | 83,915              |
| <b>Total Revenue</b>                   | <b>330,219</b>      | <b>330,219</b>      | <b>508,614</b>      |
| <b>Expenditures</b>                    |                     |                     |                     |
| Police pension                         | 455,000             | 455,000             | 376,826             |
| Police pension refunds                 | -                   | -                   | 55,384              |
| Investment expense                     | -                   | -                   | 11,261              |
| Accounting services                    | -                   | -                   | 22,218              |
| <b>Total Expenditures</b>              | <b>455,000</b>      | <b>455,000</b>      | <b>465,689</b>      |
| <b>Net Change in Fund Balance</b>      | <b>\$ (124,781)</b> | <b>\$ (124,781)</b> | <b>42,925</b>       |
| <b>Fund Balance</b>                    |                     |                     |                     |
| Balance, Beginning of Year             |                     |                     | 3,607,330           |
| <b>Total Fund Balance, End of Year</b> |                     |                     | <b>\$ 3,650,255</b> |

# VILLAGE OF ISLAND LAKE

## Property Tax Extension Rates

Year Ended April 30, 2018

| Tax Levy Year<br>Assessed Valuation | 2017                  | 2016                  | 2015                  |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| Lake County                         | \$ 78,057,432         | \$ 72,983,457         | \$ 66,365,934         |
| McHenry County                      | 89,591,733            | 84,946,082            | 79,181,924            |
| Totals                              | <u>\$ 167,649,165</u> | <u>\$ 157,929,539</u> | <u>\$ 145,547,858</u> |

## Tax Rates and Percentages - Allocated by Fund

| Lake County       | Rate            | Percentage     | Rate            | Percentage     | Rate            | Percentage     |
|-------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| General           | 0.228540        | 30.29%         | 0.265551        | 33.97%         | 0.278487        | 33.36%         |
| Social Security   | 0.103798        | 13.76%         | 0.091040        | 11.65%         | 0.092190        | 11.05%         |
| Police Protection | 0.068894        | 9.13%          | 0.071048        | 9.09%          | 0.071463        | 8.56%          |
| Audit             | 0.010141        | 1.34%          | 0.010458        | 1.34%          | 0.010519        | 1.26%          |
| Tort Immunity     | 0.065614        | 8.70%          | 0.123026        | 15.74%         | 0.123744        | 14.83%         |
| IMRF              | 0.061170        | 8.11%          | 0.050441        | 6.45%          | 0.050735        | 6.08%          |
| Street & Bridge   | 0.097063        | 12.86%         | 0.017574        | 2.25%          | 0.017804        | 2.13%          |
| Police Pension    | 0.119297        | 15.81%         | 0.152553        | 19.52%         | 0.189700        | 22.73%         |
| Totals            | <u>0.754517</u> | <u>100.00%</u> | <u>0.781691</u> | <u>100.00%</u> | <u>0.834642</u> | <u>100.00%</u> |

| McHenry County    | Rate            | Percentage     | Rate            | Percentage     | Rate            | Percentage     |
|-------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| General           | 0.228539        | 31.28%         | 0.271659        | 34.75%         | 0.284555        | 34.09%         |
| Social Security   | 0.103797        | 14.21%         | 0.093134        | 11.91%         | 0.094199        | 11.29%         |
| Police Protection | 0.068894        | 9.43%          | 0.072682        | 9.30%          | 0.073020        | 8.75%          |
| Audit             | 0.010140        | 1.39%          | 0.010697        | 1.37%          | 0.010748        | 1.29%          |
| Tort Immunity     | 0.065613        | 8.98%          | 0.125856        | 16.10%         | 0.126442        | 15.15%         |
| IMRF              | 0.061169        | 8.37%          | 0.051601        | 6.60%          | 0.051841        | 6.21%          |
| Street & Bridge   | 0.073252        | 10.02%         | -               | 0.00%          | -               | 0.00%          |
| Police Pension    | 0.119297        | 16.33%         | 0.156061        | 19.96%         | 0.193835        | 23.22%         |
| Totals            | <u>0.730701</u> | <u>100.00%</u> | <u>0.781690</u> | <u>100.00%</u> | <u>0.834640</u> | <u>100.00%</u> |

Property Tax Extensions  
Year Ended April 30, 2018

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