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VILLAGE OF ISLAND LAKE, ILLINOIS

FINANCIAL REPORT

Year Ended April 30, 2022

VILLAGE OF ISLAND LAKE, ILLINOIS

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Year Ended April 30, 2022

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VILLAGE OF ISLAND LAKE, ILLINOIS

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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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Island Lake, IL as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Island Lake's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Island Lake internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Island Lake's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for

placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

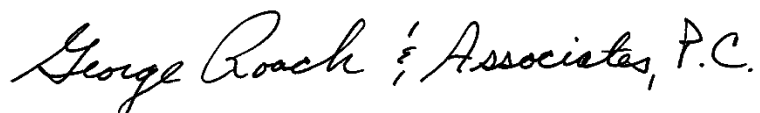
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Island Lake's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



George Roach & Associates, P.C.
Crystal Lake, Illinois
December 29, 2022

REQUIRED SUPPLEMENTARY INFORMATION –
MANAGEMENT DISCUSSION AND ANALYSIS -
UNAUDITED

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended April 30, 2022

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, 2022.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities and deferred inflows at April 30, 2022 by \$32,505,024 (Net Position). Of this amount, (\$4,569,912) 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 \$47,696.
- At April 30, 2022, the Village's governmental funds reported combined ending fund balances of \$1,048,183, an increase of \$450,249 from the prior period.
- The Village's total net capital assets decreased by \$817,184 during the year ended April 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2022

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, 2022

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 76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$32,505,024 at April 30, 2022.

Of the Village's net position, \$36,959,148 reflects its net 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, 2022

Village of Island Lake - Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2022	4/30/2021	4/30/2022	4/30/2021	4/30/2022	4/30/2021
Current and Other Assets	\$ 2,853,192	\$ 2,901,447	\$ 1,985,560	\$ 1,270,770	\$ 4,838,752	\$ 4,172,217
Capital Assets	27,995,411	28,929,584	9,109,516	8,992,527	37,104,927	37,922,111
Net Total Assets	\$ 30,848,603	\$ 31,831,031	\$ 11,095,076	\$ 10,263,297	\$ 41,943,679	\$ 42,094,328
Deferred Outflows - IMRF	\$ 1,937,742	\$ 2,152,479	\$ -	\$ -	\$ 1,937,742	\$ 2,152,479
Current Liabilities	\$ 528,535	\$ 1,080,073	\$ 82,121	\$ 56,482	\$ 610,656	\$ 1,136,555
Noncurrent Liabilities	7,259,012	7,804,533	104,258	26,560	7,363,270	7,831,093
Total Liabilities	7,787,547	8,884,606	186,379	83,042	7,973,926	8,967,648
Deferred Inflows -						
IMRF	1,996,818	1,373,271	-	-	1,996,818	1,373,271
Property taxes	1,405,653	1,353,168	-	-	1,405,653	1,353,168
Total Deferred Inflows	3,402,471	2,726,439	-	-	3,402,471	2,726,439
Net Position						
Net investment in capital assets	27,854,703	28,662,649	9,104,445	8,980,729	36,959,148	37,643,378
Restricted	115,788	134,375	-	-	115,788	134,375
Unrestricted	(6,374,164)	(6,424,559)	1,804,252	1,199,526	(4,569,912)	(5,225,033)
Total Net Position	\$ 21,596,327	\$ 22,372,465	\$ 10,908,697	\$ 10,180,255	\$ 32,505,024	\$ 32,552,720

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 (\$4,569,912) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2022, 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 \$47,696 during the year ended April 30, 2022.

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended April 30, 2022

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	
	4/30/2022	4/30/2021	4/30/2022	4/30/2021	4/30/2022	4/30/2021
Program Revenues						
Charges for Services	\$ 908,822	\$ 948,954	\$ 1,335,167	\$ 1,219,098	\$ 2,243,989	\$ 2,168,052
Operating Grants & Contributions	1,974	603,603	458,773	-	460,747	603,603
General Revenues						
Property Tax	1,358,540	1,343,970	-	-	1,358,540	1,343,970
Other Tax	782,367	482,364	-	-	782,367	482,364
Utility Tax	389,410	388,354	-	-	389,410	388,354
Sales Tax	1,266,950	1,132,865	-	-	1,266,950	1,132,865
Income Tax	1,236,663	1,049,604	-	-	1,236,663	1,049,604
Other	40,658	176,384	25,180	160	65,838	176,544
Interest	1,007	912	1,147	6,340	2,154	7,252
Total Revenues	<u>\$ 5,986,391</u>	<u>\$ 6,127,010</u>	<u>\$ 1,820,267</u>	<u>\$ 1,225,598</u>	<u>\$ 7,806,658</u>	<u>\$ 7,352,608</u>
Expenses						
General Government	\$ 989,797	\$ 1,796,057	\$ -	\$ -	\$ 989,797	\$ 1,796,057
Public Safety	3,476,465	3,140,894	-	-	3,476,465	3,140,894
Streets & Roads	1,960,315	1,341,753	-	-	1,960,315	1,341,753
Culture & Recreation	331,712	128,815	-	-	331,712	128,815
Interest on Long-Term Debt	4,240	6,800	-	704	4,240	7,504
Proprietary Activities	-	-	1,274,951	1,259,281	1,274,951	1,259,281
Total Expenses	<u>6,762,529</u>	<u>6,414,319</u>	<u>1,274,951</u>	<u>1,259,985</u>	<u>8,037,480</u>	<u>7,674,304</u>
Capitalized connection fees	-	-	183,126	17,430	183,126	17,430
Increase (Decrease) in Net Position	(776,138)	(287,309)	728,442	(16,957)	(47,696)	(304,266)
Net Position - Beginning of Year	<u>22,372,465</u>	<u>22,659,774</u>	<u>10,180,255</u>	<u>10,197,212</u>	<u>32,552,720</u>	<u>32,856,986</u>
Net Position - End of Year	<u>\$ 21,596,327</u>	<u>\$ 22,372,465</u>	<u>\$ 10,908,697</u>	<u>\$ 10,180,255</u>	<u>\$ 32,505,024</u>	<u>\$ 32,552,720</u>

Governmental activities

Governmental activities decreased the Village's net position by \$776,138.

Business-type activities

Business-type activities increased the Village's net position by \$728,442.

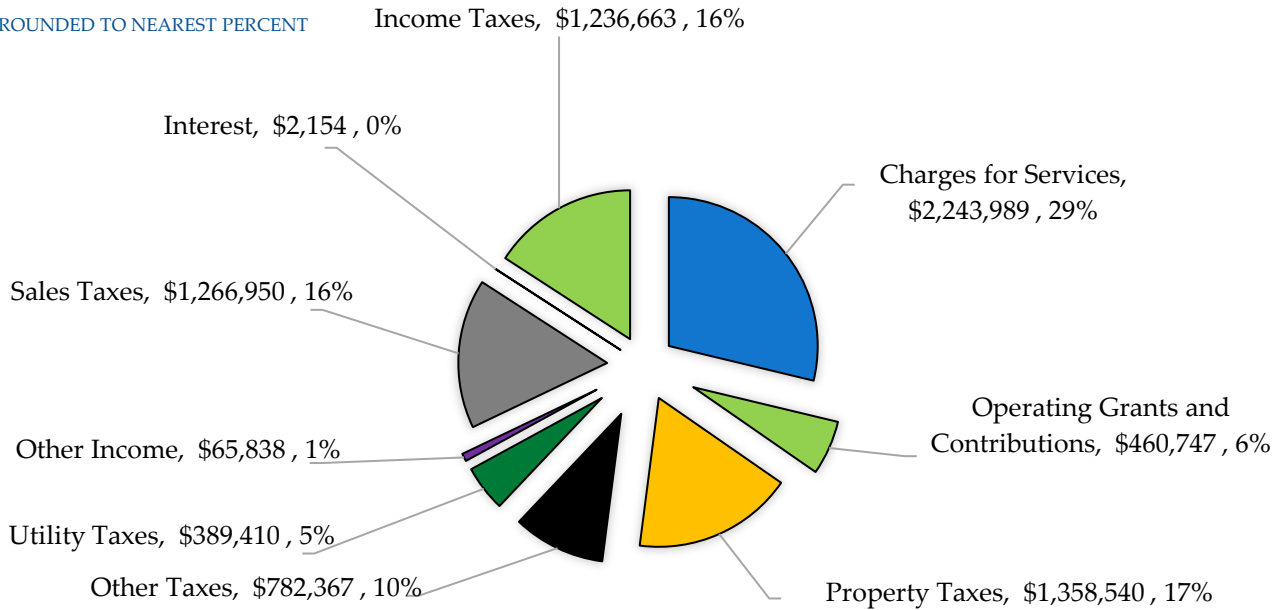
VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited
 Year Ended April 30, 2022

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

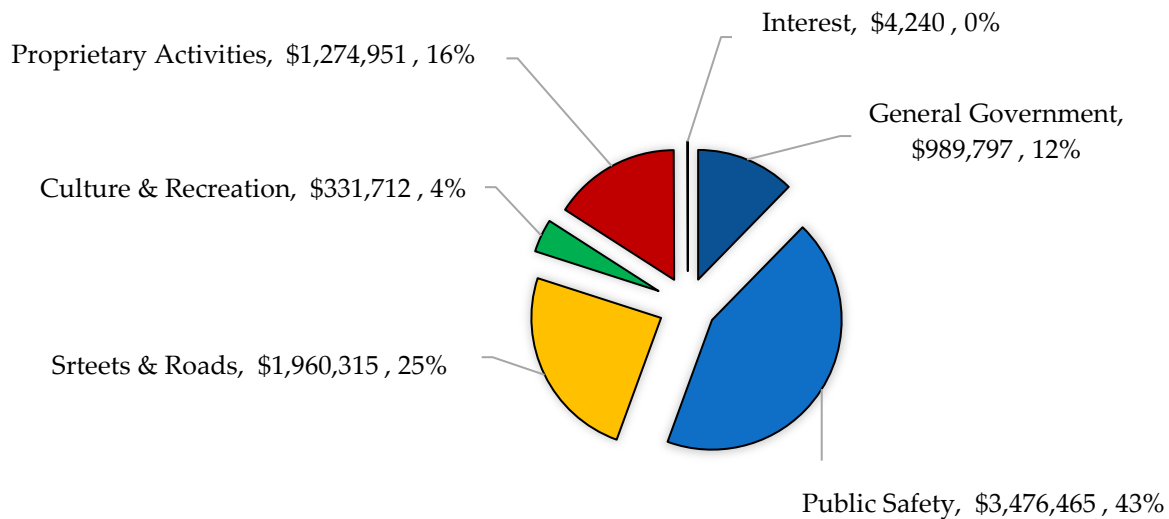
2022 REVENUES

ROUNDED TO NEAREST PERCENT



2022 EXPENSES

ROUNDED TO NEAREST PERCENT



VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended April 30, 2022

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, 2022, the Village's governmental funds reported combined ending fund balances of \$1,048,183, an increase of \$450,249 in comparison with the prior period. A portion of 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 purposes.

The General Fund is the chief operating fund of the Village. At April 30, 2022, the fund balance of the General Fund was \$1,263,092. This represents an increase of \$150,364 compared to the prior period.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget. There were no changes in the total amount of the budget. The Village's estimated expenditures were more than the actual expenditures by \$2,354,493.

CAPITAL ASSETS

The Village's capital assets for its governmental and business-type activities as of April 30, 2022 amounts to \$37,104,927 (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

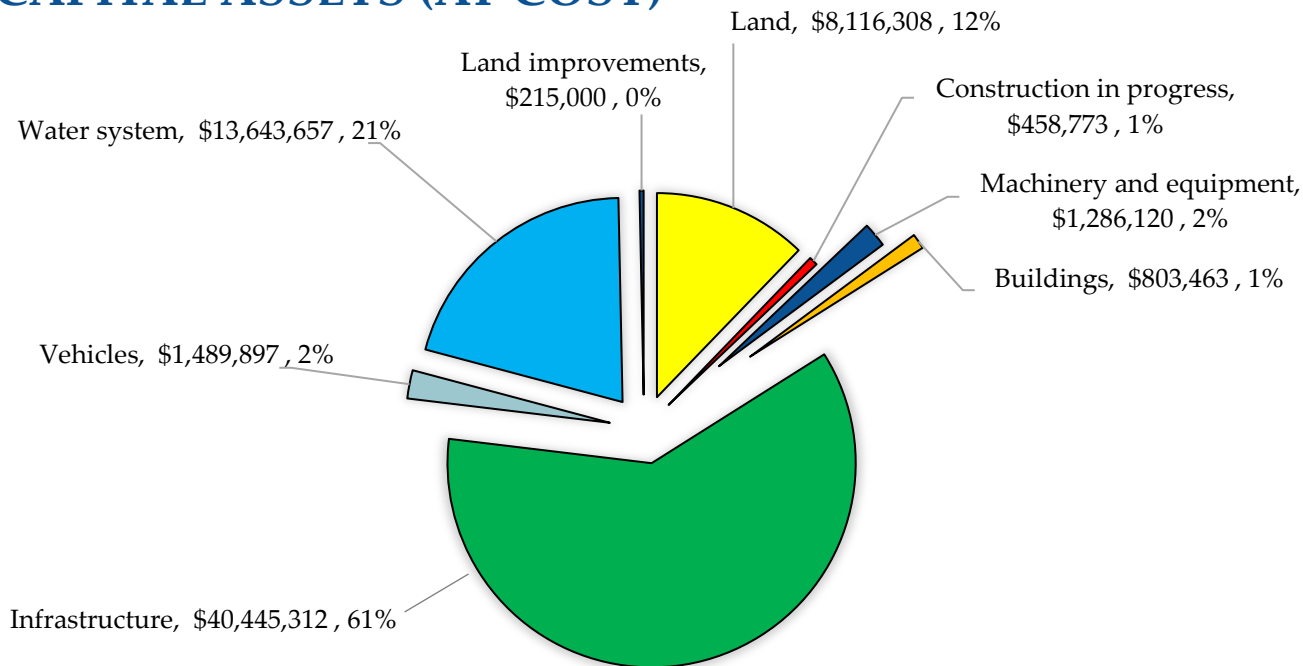
	Governmental Activities		Business Type Activities		Total	
	4/30/2022	4/30/2021	4/30/2022	4/30/2021	4/30/2022	4/30/2021
Land	\$ 8,116,308	\$ 8,116,308	\$ -	\$ -	\$ 8,116,308	\$ 8,116,308
Construction in progress	-	-	458,773	-	458,773	-
Land improvements	215,000	215,000	-	-	215,000	215,000
Buildings	803,463	803,463	-	-	803,463	803,463
Machinery and equipment	715,064	715,064	571,056	571,056	1,286,120	1,286,120
Vehicles	1,292,036	1,292,036	197,861	197,861	1,489,897	1,489,897
Infrastructure	40,445,312	40,445,312	-	-	40,445,312	40,445,312
Water system	-	-	13,643,657	13,643,657	13,643,657	13,643,657
Total Capital Assets	51,587,183	51,587,183	14,871,347	14,412,574	66,458,530	65,999,757
Accumulated depreciation	23,591,772	22,657,599	5,761,831	5,420,047	29,353,603	28,077,646
Total Net Capital Assets	\$ 27,995,411	\$ 28,929,584	\$ 9,109,516	\$ 8,992,527	\$ 37,104,927	\$ 37,922,111

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended April 30, 2022

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 2021 levy is \$201,678,025. This represents an increase in EAV of \$6,930,461 over the prior year's EAV. Taxes recorded in these financial statements are from the 2020 levy. A summary of the assessed valuations and extensions for tax years 2021, 2020, and 2019 is found on pages 84 and 85 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, 2022

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.

BASIC FINANCIAL STATEMENTS

VILLAGE OF ISLAND LAKE

Government-wide - Statement of Net Position

April 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and equivalents, at cost	\$ 676,305	\$ 1,744,479	\$ 2,420,784
Receivables - net of allowances	679,794	195,829	875,623
Property tax receivable	1,405,653	-	1,405,653
Deposit with paying agent	91,440	-	91,440
Due from other funds	-	45,252	45,252
Total Current Assets	2,853,192	1,985,560	4,838,752
Fixed assets, net of depreciation	27,995,411	9,109,516	37,104,927
Net Total Assets	\$ 30,848,603	\$ 11,095,076	\$ 41,943,679
Deferred Pension Outflows	\$ 1,937,742	\$ -	\$ 1,937,742
Current Liabilities			
Accounts payable	\$ 89,037	\$ 54,502	\$ 143,539
Accrued payroll	58,099	6,672	64,771
Due to police pension fund	70,325	-	70,325
Due to other funds	45,252	-	45,252
Due to other governments	23,404	-	23,404
Deposits payable	113,239	15,876	129,115
Notes payable within one year	39,179	5,071	44,250
Bonds payable within one year	90,000	-	90,000
Noncurrent Liabilities			
Notes payable due in more than one year	11,529	-	11,529
Net pension obligations	7,090,682	-	7,090,682
Unearned revenue	-	86,927	86,927
Compensated absences	156,801	17,331	174,132
Total Liabilities	7,787,547	186,379	7,973,926
Deferred Inflows - Pensions	1,996,818	-	1,996,818
Deferred Inflows - Property Taxes	1,405,653	-	1,405,653
Total Deferred Inflows	3,402,471	-	3,402,471
Net Position			
Net investment in capital assets	27,854,703	9,104,445	36,959,148
Restricted	115,788	-	115,788
Unrestricted	(6,374,164)	1,804,252	(4,569,912)
Total Net Position	\$ 21,596,327	\$ 10,908,697	\$ 32,505,024

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

For the Year Ended April 30, 2022

	Program Revenues				Net Revenue (Expense) and Changes		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General government	\$ 989,797	\$ 503,740	\$ 1,479	\$ -	\$ (484,578)	\$ -	\$ (484,578)
Public safety	3,476,465	165,992	495	-	(3,309,978)	-	(3,309,978)
Culture and recreation	331,712	239,090	-	-	(92,622)	-	(92,622)
Highways and streets	1,960,315	-	-	-	(1,960,315)	-	(1,960,315)
Interest on long-term debt	4,240	-	-	-	(4,240)	-	(4,240)
Total Governmental Activities	<u>6,762,529</u>	<u>908,822</u>	<u>1,974</u>	<u>-</u>	<u>(5,851,733)</u>	<u>-</u>	<u>(5,851,733)</u>
Business-Type Activities							
Waterworks	1,274,951	1,335,167	-	458,773	-	518,989	518,989
Total Business-Type Activities	<u>1,274,951</u>	<u>1,335,167</u>	<u>-</u>	<u>458,773</u>	<u>-</u>	<u>518,989</u>	<u>518,989</u>
Total Primary Government	<u>\$ 8,037,480</u>	<u>\$ 2,243,989</u>	<u>\$ 1,974</u>	<u>\$ 458,773</u>	<u>(5,851,733)</u>	<u>518,989</u>	<u>(5,332,744)</u>
General Revenues:							
Taxes							
					1,358,540	-	1,358,540
					389,410	-	389,410
					782,367	-	782,367
Intergovernmental -unrestricted							
					1,266,950	-	1,266,950
					1,236,663	-	1,236,663
					1,007	1,147	2,154
					40,658	25,180	65,838
					<u>5,075,595</u>	<u>26,327</u>	<u>5,101,922</u>
Total Revenues							
					-	183,126	183,126
Connection Fees Capitalized							
					<u>5,075,595</u>	<u>209,453</u>	<u>5,285,048</u>
Total Revenues and Other Sources/(Uses)							
Changes in Net Position					(776,138)	728,442	(47,696)
Net Position, Beginning of Year					22,372,465	10,180,255	32,552,720
Total Net Position, End of Year					<u>\$ 21,596,327</u>	<u>\$ 10,908,697</u>	<u>\$ 32,505,024</u>

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

VILLAGE OF ISLAND LAKE

Governmental Fund Types - Combined Balance Sheet

April 30, 2022

	General Fund	Garbage Fund	Recreation Fund	Motor Fuel Tax	Total
Assets					
Cash and equivalents, at cost	\$ 94,571	\$ -	\$ -	\$ 776,436	\$ 871,007
Property taxes receivable, current levy	1,405,653	-	-	-	1,405,653
Other receivables	589,262	90,532	-	-	679,794
Deposit with paying agent	91,440	-	-	-	91,440
Due from other funds	831,927	-	-	-	831,927
Total Assets	\$ 3,012,853	\$ 90,532	\$ -	\$ 776,436	\$ 3,879,821
Liabilities					
Cash overdraft	\$ -	\$ 81,878	\$ 112,824	\$ -	\$ 194,702
Accounts payable and accruals	82,668	-	437	5,932	89,037
Accrued payroll	54,472	-	3,627	-	58,099
Deposits held	113,239	-	-	-	113,239
Due to police pension fund	70,325	-	-	-	70,325
Due to other funds	-	45,252	-	831,927	877,179
Due to other governments	23,404	-	-	-	23,404
Total Liabilities	344,108	127,130	116,888	837,859	1,425,985
Deferred Inflows - Property Taxes	1,405,653	-	-	-	1,405,653
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	115,788	-	-	-	115,788
Unassigned	1,147,304	(36,598)	(116,888)	(61,423)	932,395
Total Fund Balance	1,263,092	(36,598)	(116,888)	(61,423)	1,048,183
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 3,012,853	\$ 90,532	\$ -	\$ 776,436	\$ 3,879,821

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

For the Year Ended April 30, 2022

	General Fund	Garbage Fund	Recreation Fund	Motor Fuel Tax Fund	Total
Revenue					
Property taxes	\$ 1,358,540	\$ -	\$ -	\$ -	\$ 1,358,540
Intergovernmental revenue	2,784,627	-	-	501,353	3,285,980
Utility taxes	389,410	-	-	-	389,410
Fines	165,992	-	-	-	165,992
Classes	-	-	6,019	-	6,019
Craft fair	-	-	3,434	-	3,434
Licenses, fees, permits, taxes	503,740	-	-	-	503,740
Summer camp	-	-	28,867	-	28,867
Club fees	-	-	135,822	-	135,822
Grants and donations	1,974	-	44,282	-	46,256
Miscellaneous and other income	17,736	-	20,666	-	38,402
Capital activity	22,922	-	-	-	22,922
Interest income	420	-	-	587	1,007
Total Revenue	5,245,361	-	239,090	501,940	5,986,391
Expenditures					
Administrative	3,131,076	-	196,829	-	3,327,905
Contractual	1,274,659	-	107,085	61,631	1,443,375
Commodities	263,822	-	10,313	49,519	323,654
Other expenditures	140,708	4,653	-	-	145,361
Capital expenditures	195,492	-	-	11,115	206,607
Debt service - principal	85,000	-	-	-	85,000

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

For the Year Ended April 30, 2022

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Recreation Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total</u>
Expenditures (Concluded)					
Debt service - interest	\$ 4,240	\$ -	\$ -	\$ -	\$ 4,240
Total Expenditures	<u>5,094,997</u>	<u>4,653</u>	<u>314,227</u>	<u>122,265</u>	<u>5,536,142</u>
Net Change in Fund Balance	150,364	(4,653)	(75,137)	379,675	450,249
Fund Balance					
Balance, beginning of year	<u>1,112,728</u>	<u>(31,945)</u>	<u>(41,751)</u>	<u>(441,098)</u>	<u>597,934</u>
Total Fund Balance	<u><u>\$ 1,263,092</u></u>	<u><u>\$ (36,598)</u></u>	<u><u>\$ (116,888)</u></u>	<u><u>\$ (61,423)</u></u>	<u><u>\$ 1,048,183</u></u>

VILLAGE OF ISLAND LAKE

*Reconciliation of the Governmental Fund Balance to the
Statement of Net Position and the Statement of Activities
For the Year Ended April 30, 2022*

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

Total Fund Balances - Total Governmental Funds	\$ 1,048,183
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	27,995,411
Other employee benefit obligations accruals are not reported in funds	(7,306,559)
Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position	<u>(140,708)</u>
Total Net Position - Governmental Activities	<u><u>\$ 21,596,327</u></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

Net Change in Fund Balance - Governmental Funds	\$ 450,249
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)	(934,173)
Governmental funds report the payment of debt as an expenditure; however the Statement of Activities records the payment as a reduction in the debt liability.	126,227
Governmental funds do not record GASB 68 pension liabilities; however the Statement of Activities records the expense of pensions.	(402,039)
Governmental funds do not accrue for deferred compensation but the expenses are accrued for the Statement of Activities.	<u>(16,402)</u>
Changes in Net Position - Governmental Activities	<u><u>\$ (776,138)</u></u>

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

VILLAGE OF ISLAND LAKE

Proprietary Fund Type - Waterworks Fund

Statement of Net Position

April 30, 2022

	Assets	Waterworks Fund
Cash and equivalents, at cost		\$ 1,744,479
Accounts receivable, net of allowance		195,829
Fixed assets, net of depreciation		9,109,516
Due from other funds		45,252
Total Assets		<u>\$ 11,095,076</u>
	Liabilities	
Accounts payable and accruals		\$ 54,502
Accrued payroll		6,672
Water deposits		15,876
Notes payable - current		5,071
Unearned revenue		86,927
Deferred compensation - noncurrent		17,331
Total Liabilities		<u>186,379</u>
	Net Position	
Net investment in capital assets		9,104,445
Unrestricted		1,804,252
Total Net Position		<u>10,908,697</u>
Total Liabilities and Net Position		<u>\$ 11,095,076</u>

VILLAGE OF ISLAND LAKE

Proprietary Fund Type - Waterworks Fund Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended April 30, 2022

	Revenues	Waterworks Fund
Water usage charges		\$ 1,301,987
Water meters		6,980
Inspection fees		2,990
Late fees and discounts		23,210
Grants		458,773
Miscellaneous and other income		25,180
Total Revenues		1,819,120
	Expenses	
Administrative		429,247
Contractual		297,889
Commodities		189,893
Capital expenditures		16,139
Total Expenses		933,168
Operating Income (Loss) Before Depreciation/Amortization		885,952
Less: Depreciation and Amortization		341,783
Operating Income (Loss)		544,169
	Non-Operating Income (Expense)	
Interest income		1,147
Total Non-operating Income/(Expense)		1,147
Net Income (Loss)		545,316
Net Position, Beginning of Year		10,180,255
Capitalized connection fees		183,126
Total Net Position		\$ 10,908,697

VILLAGE OF ISLAND LAKE

Proprietary Fund Type - Waterworks Fund

Statement of Cash Flows

For the Year Ended April 30, 2022

Cash Flows from Operating Activities

Cash received from customers and users	\$ 1,819,120
Cash paid to suppliers	(437,491)
Cash paid for personnel	(429,247)
Net Cash Provided by Operating Activities	952,382

Cash Flows from Investing Activities

Fixed asset additions	(458,773)
Net Cash Provided by Investing Activities	(458,773)

Cash Flows from Capital & Financing Activities

Contributed connection fees	183,126
Repayment of due from other funds	(59,377)
Interest income	1,148
Debt payments	(6,727)
Net Cash Provided by Capital & Financing Activities	118,170

Net Increase/(Decrease) in Cash 611,779

Cash, beginning of year 1,132,700

Cash, end of year \$ 1,744,479

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Net income (loss) for the year	\$ 544,169
Depreciation/amortization	341,783
(Increase) decrease in accounts receivable	(49,279)
(Increase) decrease in other receivables	(8,479)
Increase (decrease) in accounts payable	41,443
Increase (decrease) in accrued payroll	2,563
Increase (decrease) in deposits	(1,950)
Increase (decrease) deferred compensation	(4,795)
Increase (decrease) unearned revenue	86,927
Net Cash Provided by Operating Activities	\$ 952,382

Cash payments for interest made during the year were \$0.

VILLAGE OF ISLAND LAKE

Fiduciary Fund Type - Police Pension Fund

Statement of Net Position

April 30, 2022

Assets

Cash and Cash Equivalents	\$ 239,199
Investments, at Fair Value:	
U.S. Government and Agency Obligations	639,991
Municipal Bonds	198,427
Corporate Bonds	926,769
Mutual Funds	1,327,755
Accrued Interest Receivable	21,095
Due from the Village of Island Lake	<u>70,325</u>

Net Position

Held in Trust for Pension Benefits	<u><u>\$ 3,423,561</u></u>
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VILLAGE OF ISLAND LAKE

Fiduciary Fund Type - Police Pension Fund

Statement of Changes in Net Position

For the Year Ended April 30, 2022

Additions

Contributions - employer	\$ 199,441
Contributions - plan members	141,866
Total Contributions	<u>341,307</u>

Investment Income

Interest earned	220,266
Net change in fair value	(362,936)
Total Investment Income	<u>(142,670)</u>

Less: Investment Expenses

Net Investment Income	<u>(12,050)</u>
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Total Additions	<u>186,587</u>
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Deductions

Benefits and Refunds:	
Benefits	477,210
Professional services	40,995
Refunds	31,552
	<u>549,757</u>

Total Deductions	<u>549,757</u>
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Change in Net Position

(363,170)

Net Position Held in Trust for Pension Benefits

Net Position, Beginning of Year	<u>3,786,731</u>
Net Position, End of Year	<u>\$ 3,423,561</u>

NOTES TO THE BASIC
FINANCIAL STATEMENTS

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022

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, 2022

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

traffic signals and signs are capitalized. The valuation basis for general capital assets is 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 is 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, 2022

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, 2022

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 30th, is taken by the Board before December 31st.

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, 2022

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

Fund	Final Appropriation	Actual Expenditures
General	\$ 7,449,490	\$ 5,094,997
Motor Fuel Tax	461,400	122,265
Recreation	454,468	314,227
Garbage	-	4,653
Waterworks	2,185,638	1,274,951
Police Pension	-	549,757

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, 2022

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 \$2,420,784 and the bank balances totaled \$2,575,559 at April 30, 2022. The Village has \$97,867 of these balances invested in the Illinois Funds at April 30, 2022.

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, 2022, 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, 2022, 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, 2022

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

Cash equivalents-

At year-end, the carrying amount of the Pension Fund cash equivalents totaled \$239,199 and the bank balances totaled \$239,199.

Police Pension Fund Investments –

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

	Fair Value	Investment Maturities (in Years)			More than 10
		Less Than 1	1 to 5	6 to 10	
U.S. Treasury Notes and Agencies	\$ 639,991	\$ 127,311	\$ 341,536	\$ 171,144	\$ -
Municipal Bonds	198,427	-	74,264	97,859	26,304
Corporate Bonds	926,769	165,071	737,462	24,236	-
	<u>\$1,765,187</u>	<u>\$ 292,382</u>	<u>\$1,153,262</u>	<u>\$ 293,239</u>	<u>\$ 26,304</u>

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

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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, 2022: 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 are rated Aaa and state and local securities were all rated A3 to Aa1 by Moody's Investors Services. Corporate Bonds held at year-end were rated between Baa1 and Aa2 by Moody'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 –

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, 2022, there are no bank deposit accounts and therefore, not covered by federal depository or equivalent insurance. The Pension Fund's investment policy requires that all

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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, 2022, 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, 2022, 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:

	<u>Range of Allocation</u>	<u>Expected Real Rate of Return</u>
U.S. Treasury Securities	0-40%	0.09%
U.S. Agency Securities	0-75%	0.18%
Taxable Municipal Securities	0-20%	0.60%
Investment Grade Corporate Bonds	0-50%	0.84%
Equity		
Large Cap	30-95%	3.23%
Small Cap	10-30%	2.75%
International	0-30%	4.44%

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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 and cash equivalents 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:

	<u>Normal Allocation</u>	<u>Range of Allocation</u>
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 –

Property taxes for 2021 attach as an enforceable lien on January 1, 2022, 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, 2021 and September 1, 2021. 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, 2022

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 Balances	Increases	Decreases	Ending Balances
Nondepreciable capital assets				
Land	\$ 8,116,308	\$ -	\$ -	\$ 8,116,308
Depreciable capital assets				
Land improvements	215,000	-	-	215,000
Buildings	803,463	-	-	803,463
Machinery and equipment	715,064	-	-	715,064
Vehicles	1,292,036	-	-	1,292,036
Infrastructure	40,445,312	-	-	40,445,312
	<u>43,470,875</u>	<u>-</u>	<u>-</u>	<u>43,470,875</u>
Less accumulated depreciation				
Land improvements	215,000	-	-	215,000
Buildings	417,088	20,133	-	437,221
Machinery and equipment	563,197	56,110	-	619,307
Vehicles	1,126,104	69,120	-	1,195,224
Infrastructure	20,336,210	788,810	-	21,125,020
	<u>22,657,599</u>	<u>934,173</u>	<u>-</u>	<u>23,591,772</u>
Total net depreciable capital assets	<u>20,813,276</u>	<u>(934,173)</u>	<u>-</u>	<u>19,879,103</u>
Total net capital assets	<u>\$ 28,929,584</u>	<u>\$ (934,173)</u>	<u>\$ -</u>	<u>\$ 27,995,411</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 40,878
Public Safety	20,407
Highways and Streets	<u>872,888</u>
Governmental Depreciation	<u>\$ 934,173</u>

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Depreciable capital assets				
Machinery and equipment	\$ 571,056	\$ -	\$ -	\$ 571,056
Vehicles	197,861	-	-	197,861
Water System/Infrastructure	13,643,657	-	-	13,643,657
Construction in progress	-	458,773	-	458,773
	<u>14,412,574</u>	<u>458,773</u>	<u>-</u>	<u>14,871,347</u>
Less accumulated depreciation				
Machinery and equipment	259,194	25,058	-	284,252
Vehicles	210,360	18,909	-	229,269
Water System/Infrastructure	4,950,494	297,816	-	5,248,310
	<u>5,420,048</u>	<u>341,783</u>	<u>-</u>	<u>5,761,831</u>
Total net capital assets	<u>\$ 8,992,526</u>	<u>\$ 116,990</u>	<u>\$ -</u>	<u>\$ 9,109,516</u>

Depreciation expense of \$341,783 was charged to the waterworks business-type activities.

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances –

Interfund balances for the year consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Motor Fuel Tax	\$ 831,927
Waterworks	Garbage	45,252
Police Pension	General	70,325

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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 Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
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	\$ 1,574	\$ -	\$ 1,574	\$ -
Note Payable of 2018 for the purchase of a Ford F 150, due in monthly installments of \$755.77 including interest at 4.50% through November 9, 2022. (1)	General	\$ 13,837	\$ -	\$ 7,921	\$ 5,916
Note Payable of 2019 for the purchase of a Ford F 450, due in monthly installments of \$1,255.98 including interest at 4.50% through January 29, 2023.	General	\$ 26,454	\$ -	\$ 14,162	\$ 12,292
Note Payable of 2019 for the purchase of a Ford Explorer, due in monthly installments of \$897.86 including interest at 4.50% through March 22, 2023.	General	\$ 20,592	\$ -	\$ 9,167	\$ 11,425
Note Payable of 2020 for the purchase of a Vac Truck, due in monthly installments of \$814.66 including interest at 2.99% through June 22, 2024.	General	\$ 29,478	\$ -	\$ 8,403	\$ 21,075
Totals		<u>\$ 108,830</u>	<u>\$ -</u>	<u>\$ 58,122</u>	<u>\$ 50,708</u>
Note Payable of 2018 for the purchase of a Ford F 150, due in monthly installments of \$645.37 including interest at 4.50% through November 9, 2022. (1)	Water	\$ 11,798	\$ -	\$ 6,727	\$ 5,071
Totals		<u>\$ 11,798</u>	<u>\$ -</u>	<u>\$ 6,727</u>	<u>\$ 5,071</u>

(1) Note Payable of 2018 split by General & Water Funds

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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

Bonds Payable –

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending 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	\$ 175,000	\$ -	\$ 85,000	\$ 90,000
Total		<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 90,000</u>

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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 Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities:					
Net pension obligation	\$7,526,927	\$ -	\$ 436,245	\$7,090,682	\$ -
Compensated absences	140,399	16,402	-	156,801	-
Notes payable	91,935	-	41,227	50,708	39,179
Bonds payable	175,000	-	85,000	90,000	90,000
	<u>\$7,934,261</u>	<u>\$ 16,402</u>	<u>\$ 562,472</u>	<u>\$7,388,191</u>	<u>\$ 129,179</u>
Business-Type Activities:					
Compensated absences	\$ 22,126	\$ -	\$ 4,795	\$ 17,331	\$ -
Notes payable	11,798	-	6,727	5,071	5,071
	<u>\$ 33,924</u>	<u>\$ -</u>	<u>\$ 11,522</u>	<u>\$ 22,402</u>	<u>\$ 5,071</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, 2022

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	Bonds Payable	
Ending	Principal	Interest
April 30,		
2023	\$ 90,000	\$ 1,440
	\$ 90,000	\$ 1,440

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 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.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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

FUND BALANCE -

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

April 30, 2022:

Governmental activities		
Capital assets - net of accumulated depreciation	\$	27,995,411
Less capital related debt:		
Notes payable	\$	(50,708)
Bonds payable	(90,000)	<u>(140,708)</u>
Net investment in capital assets	\$	<u>27,854,703</u>
Business-type activities		
Capital assets - net of accumulated depreciation	\$	9,109,516
Less capital related debt:		
Notes payable	(5,071)	<u>(5,071)</u>
Net investment in capital assets	\$	<u>9,104,445</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, 2011. 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, 2022

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:

	<u>General</u>	<u>Garbage</u>	<u>Recreation</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
Fund Balances					
Nonspendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted					
Property tax levies:					
Audit	4,959	-	-	-	4,959
IMRF	<u>110,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,829</u>
Total Restricted	<u>115,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,788</u>
Unassigned	<u>1,147,304</u>	<u>(36,598)</u>	<u>(116,888)</u>	<u>(61,423)</u>	<u>932,395</u>
Total Fund Balances	<u>\$ 1,263,092</u>	<u>\$ (36,598)</u>	<u>\$ (116,888)</u>	<u>\$ (61,423)</u>	<u>\$ 1,048,183</u>

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, 2022

NOTE 4 – RISK MANAGEMENT AND OTHER INFORMATION (CONTINUED)

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, 2022

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT

PLAN DESCRIPTIONS, PROVISIONS AND FUNDING POLICIES -

The Village'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 Village'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.

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, 2022

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

- 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, 2021, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	26
Inactive Plan Members entitled to but not yet receiving benefits	11
Active Plan Members	19
Total	<u>56</u>

CONTRIBUTIONS -

As set by statute, the Village’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 Village’s annual contribution rate for calendar year 2021 was 13.09%. For the year ended April 30, 2022, the Village contributed \$140,720 to the plan. The Village 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 Village’s net pension liability was measured as of December 31, 2021. 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, 2021:

- 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 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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 2020 valuation according to an experience study from years 2017 to 2019.
- For non-disabled retirees the Pub-2010 Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both adjusted) tables, and future mortality improvements projected using scale MP-2020.
- 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 as of December 31, 2021:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	4.50%
International Equity	18%	5.75%
Fixed Income	28%	2.00%
Real Estate	9%	5.90%
Alternative Investments	7%	4.30-8.10%
Cash Equivalents	1%	1.70%
Total	100%	

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2021

Actuarial Valuation Date	12/31/2021	
Measurement Date of the Net Pension Liability	12/31/2021	
Fiscal Period End	4/30/2022	
Membership		
Number of		
- Retirees and Beneficiaries		26
- Inactive, Non-Retired Members		11
- Active Members		19
- Total		<u>56</u>
Covered Valuation Payroll (1)	\$	<u>1,075,015</u>
Net Pension Liability		
Total Pension Liability/(Asset)	\$	9,169,958
Plan Fiduciary Net Position		<u>9,920,068</u>
Net Pension Liability/(Asset)	\$	(750,110)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		108.18%
Net Pension Liability as a Percentage of Covered Valuation Payroll		-69.78%
Development of the Single Discount Rate as of December 31, 2021		
Long-Term Expected Rate of Investment Return		7.25%
Long-Term Municipal Bond Rate (2)		1.84%
Last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded		2121
Resulting Single Discount Rate based on the above development		7.25%
Single Discount Rate calculated using December 31, 2020 Measurement Date		7.25%
Total Pension Expense/(Income)	\$	(207,081)
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	\$ 98,772	\$ 26,477
Changes in assumptions	-	15,613
Net difference between projected and actual earnings on pension plan investments	186,742	1,324,349
Total	<u>\$ 285,514</u>	<u>\$ 1,366,439</u>

(1) Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 67-68.

(2) Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

SINGLE DISCOUNT RATE -

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

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 7.25%, 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 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 10,112,140	\$ 9,169,958	\$ 8,391,776
Plan Fiduciary Net Position	9,920,068	9,920,068	9,920,068
Net Pension Liability/(Asset)	<u>\$ 192,072</u>	<u>\$ (750,110)</u>	<u>\$ (1,528,292)</u>

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2021

A. Total pension liability

1. Service Cost	\$	103,260
2. Interest on the Total Pension Liability		623,691
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		149,955
5. Changes of assumptions		-
6. Benefit payments, including refunds of employee contributions		(515,899)
7. Net change in total pension liability		<u>361,007</u>
8. Total pension liability – beginning		<u>8,808,951</u>
9. Total pension liability – ending	\$	<u><u>9,169,958</u></u>

B. Plan fiduciary net position

1. Contributions – employer	\$	140,720
2. Contributions – employee		48,376
3. Net investment income		1,460,712
4. Benefit payments, including refunds of employee contributions		(515,899)
5. Other (Net Transfer)		(42,757)
6. Net change in plan fiduciary net position		<u>1,091,152</u>
7. Plan fiduciary net position – beginning		<u>8,828,916</u>
8. Plan fiduciary net position – ending	\$	<u><u>9,920,068</u></u>

C. Net pension liability/(asset)

\$ (750,110)

D. Plan fiduciary net position as a percentage of the total pension liability

108.18%

E. Covered Valuation payroll

\$ 1,075,015

F. Net pension liability as a percentage of covered valuation payroll

-69.78%

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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, 2022, the Village recognized pension income of \$185,548. At April 30, 2022, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pensions Expense in Future Periods</i>		
Differences between expected and actual Changes in assumptions	\$ 98,772 -	\$ 26,477 15,613
Net difference between projected and actual earnings on pension plan investments	<u>186,740</u>	<u>1,324,349</u>
Total Deferred Amounts to be recognized in pension expense in future periods	285,512	1,366,439
Total Deferred Amounts Related to Pensions	<u>\$ 285,512</u>	<u>\$ 1,366,439</u>

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:

Year Ending December 31	Net Deferred Outflows of Resources
2022	\$ (221,266)
2023	(412,274)
2024	(280,581)
2025	(166,804)
2026	-
Thereafter	-
Total	<u>\$ (1,080,925)</u>

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 5 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 Contribution Rate *

Valuation Date:

December 31, 2021

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior contributions are reported.

Methods and Assumptions Used to Determine 2021 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.

Taxing bodies (Regular, SLEP and ECO groups): 22-year closed period Early Retirement Incentive Plan liabilities:

a period up to 10 years selected by the employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 17 years for most employers (five employers were financed over 18 years; one employer was financed over 19 years; two employers were financed over 20 years; three employers were financed over 26 years; four employers were financed over 27 years and one employer was financed over 28 years).

5-Year smoothed market; 20% corridor

Asset Valuation Method

3.25%

Wage growth

2.50%

Price Inflation

3.35% to 14.25% including inflation

Salary Increases

7.25%

Investment Rate of Return

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.

Retirement Age

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 (based on 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.

There were no benefit changes during the year

Other Information:

Notes

* Based on Valuation Assumptions used in the December 31, 2019 actuarial valuation

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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, 2020 was \$1,218,506.

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, 2022

NOTE 5 – POLICE PENSION (CONTINUED)

Membership

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	9
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	13
Active Plan Members	<u>14</u>
Total	<u><u>36</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	6.00%
Long-Term Expected Rate of Return on Plan Assets	6.50%
Projected Individual Salary Increases	3.50-11.00%
Cost of Living Adjustment	3.00%
Inflation Rate Included	2.50%

TOTAL PENSION LIABILITY –

	<u>2022</u>
Total Pension Liability	\$ 11,264,356
Plan Fiduciary Net Position	<u>(3,423,564)</u>
Net Pension Liability	<u><u>\$ 7,840,792</u></u>

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 5 – POLICE PENSION (CONTINUED)

SENSITIVITY OF THE DISCOUNT RATE –

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Employer Net Pension Liability	\$ 9,601,276	\$ 7,840,792	\$ 6,421,321

CHANGES IN THE TOTAL PENSION LIABILITY –

	2022
Service Cost	\$ 324,766
Interest	637,453
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	136,139
Changes in Assumptions	(658,864)
Benefit Payments and Refunds	(508,761)
Net Change in Total Pension Liability	\$ (69,267)
Total Pension Liability - Beginning	11,333,623
Total Pension Liability - Ending (a)	\$ 11,264,356
Plan Fiduciary Net Position - Ending (b)	\$ 3,423,564
Employer's Net Pension Liability - Ending (a)-(b)	\$ 7,840,792
Plan fiduciary Net Position as a Percentage of the Total pension Liability	30.39%
Covered-Employee Payroll	\$ 1,235,742
Employer's Net Pension Liability as a Percentage of Employee Payroll	634.50%

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 5 – POLICE PENSION (CONTINUED)

CHANGES IN NET PENSION LIABILITY -

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
Balances Beginning at 5/01/21	\$ 11,332,623	\$ 3,786,731	\$ 7,545,892
Changes for the year:			
Service Cost	\$ 324,766	\$ -	\$ 324,766
Interest	637,453	-	637,453
Actuarial Experience	136,139	-	136,139
Assumptions Changes	(658,864)	-	(658,864)
Contributions - Employer	-	218,845	(218,845)
Contributions - Employee	-	122,462	(122,462)
Net Investment Income	-	(154,720)	154,720
Benefit Payments, Including Refunds	(508,761)	(508,761)	-
Administrative Expense	-	(40,993)	40,993
Net Changes	(69,267)	(363,167)	293,900
Balances Ending at 4/30/22	\$ 11,263,356	\$ 3,423,564	\$ 7,839,792

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 of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 541,050	\$ 3,264
Changes in Assumptions	917,259	627,115
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	193,919	-
Total	\$ 1,652,228	\$ 630,379

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

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
2023	\$ 315,238
2024	328,810
2025	295,972
2026	231,179
2027	(74,675)
Thereafter	<u>(74,675)</u>
Total	<u>\$ 1,021,849</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 (\$1,937,742) 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 (\$1,996,818) reported for pension related revenues and (\$1,405,653) for property taxes to be received in the following year.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2022

NOTE 7 – SUBSEQUENT EVENTS

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).

REQUIRED SUPPLEMENTARY INFORMATION

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability											
Service Cost	\$ 103,260	\$ 122,809	\$ 119,592	\$ 117,655	\$ 129,073	\$ 128,813	\$ 108,309				
Interest on the Total Pension Liability	623,691	614,070	587,797	566,374	556,500	532,103	485,887				
Benefit Changes	-	-	-	-	-	-	-				
Difference between Expected and Actual Experience	149,955	(73,425)	86,451	64,392	51,633	(11,407)	50,490				
Assumption Changes	-	(34,295)	-	206,547	(225,554)	(22,906)	16,116				
Benefit Payments and Refunds	(515,899)	(457,471)	(408,640)	(391,447)	(357,148)	(300,588)	(301,341)				
Net Change in Total Pension Liability	361,007	171,688	385,200	563,521	154,504	326,015	359,461				
Total Pension Liability - Beginning	8,808,951	8,637,263	8,252,063	7,688,542	7,534,038	7,208,023	6,583,661				
Total Pension Liability - Ending (a)	\$ 9,169,958	\$ 8,808,951	\$ 8,637,263	\$ 8,252,063	\$ 7,688,542	\$ 7,534,038	\$ 6,943,122				
Plan Fiduciary Net Position											
Employer Contributions	\$ 140,720	\$ 135,101	\$ 125,445	\$ 151,204	\$ 158,532	\$ 156,342	\$ 138,667				
Employee Contributions	48,376	49,427	55,398	59,182	58,761	55,838	45,264				
Pension Plan Net Investment Income	1,460,712	1,134,785	1,281,095	(384,350)	1,119,401	419,765	29,082				
Benefit Payments and Refunds	(515,899)	(457,471)	(408,640)	(391,447)	(357,148)	(300,588)	(301,341)				
Other	(42,757)	50,566	(62,438)	151,766	(97,998)	32,469	64,774				
Net Change in Plan Fiduciary Net Position	1,091,152	912,408	990,860	(413,645)	881,548	363,826	(23,554)				
Plan Fiduciary Net Position - Beginning	8,828,916	7,916,508	6,925,648	7,339,293	6,457,745	6,093,919	5,875,053				
Plan Fiduciary Net Position - Ending (b)	\$ 9,920,068	\$ 8,828,916	\$ 7,916,508	\$ 6,925,648	\$ 7,339,293	\$ 6,457,745	\$ 5,851,499				
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (750,110)	\$ (19,965)	\$ 720,755	\$ 1,326,415	\$ 349,249	\$ 1,076,293	\$ 1,091,623				
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.18%	100.23%	91.66%	83.93%	95.46%	85.71%	84.28%				
Covered Valuation Payroll	\$ 1,075,015	\$ 1,098,376	\$ 1,231,059	\$ 1,258,436	\$ 1,245,688	\$ 1,182,429	\$ 1,005,863				
Net Pension Liability as a Percentage of Covered Valuation Payroll	-69.78%	-1.82%	58.55%	105.40%	28.04%	91.02%	108.53%				

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)

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
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%
2018	\$ 151,205	\$ 151,204	\$ 1	\$ 1,258,436	12.02%
2019	\$ 125,445	\$ 125,445	\$ -	\$ 1,231,059	10.19%
2020	\$ 135,100	\$ 135,101	\$ (1)	\$ 1,098,376	12.30%
2021	\$ 140,719 *	\$ 140,720	\$ (1)	\$ 1,075,015	13.09%

* Estimated based on a contribution rate of 13.09% and covered valuation payroll of \$1,075,015.

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)

Fiscal Year Ending April 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service Cost	\$284,151	\$230,032	\$225,345	\$264,016	\$230,454	\$231,320	\$239,570			
Interest on the Total Pension Liability	625,754	578,020	513,891	503,981	501,205	444,791	406,711			
Benefit Changes	-	106,617	-	-	-	-	-			
Difference between Expected and Actual Experience	(4,896)	281,040	574,074	106,397	(337,970)	141,823	(267,419)			
Assumption Changes	1,159,940	(39,335)	335,923	(239,408)	356,975	370,848	475,748			
Benefit Payments and Refunds	(506,453)	(507,780)	(431,114)	(432,210)	(410,205)	(355,519)	(265,712)			
Net Change in Total Pension Liability	1,558,496	648,594	1,218,119	202,776	340,459	833,263	588,898			
Total Pension Liability - Beginning	9,775,127	9,126,533	7,908,414	7,705,638	7,365,179	6,531,916	5,943,018			
Total Pension Liability - Ending (a)	\$11,333,623	\$9,775,127	\$9,126,533	\$7,908,414	\$7,705,638	\$7,365,179	\$6,531,916			
Plan Fiduciary Net Position										
Employer Contributions	193,532	194,946	200,671	243,401	278,353	249,889	244,810			
Employee Contributions	112,868	110,937	90,382	83,915	90,071	131,357	171,675			
Pension Plan Net Investment Income	544,265	65,246	188,268	170,037	212,493	12,427	135,943			
Benefit Payments and Refunds	(506,453)	(507,780)	(431,114)	(432,210)	(410,205)	(355,519)	(265,712)			
Other	(29,808)	(44,345)	(45,139)	(22,218)	(16,469)	(15,360)	(21,921)			
Net Change in Plan Fiduciary Net Position	314,404	(180,996)	3,068	42,925	154,243	22,794	264,795			
Plan Fiduciary Net Position - Beginning	3,472,327	3,653,323	3,650,255	3,607,330	3,453,087	3,430,293	3,165,498			
Plan Fiduciary Net Position - Ending (b)	\$3,786,731	\$3,472,327	\$3,653,323	\$3,650,255	\$3,607,330	\$3,453,087	\$3,430,293			
Net Pension Liability/(Asset) - Ending (a) - (b)	7,546,892	6,302,800	5,473,210	4,258,159	4,098,308	3,912,092	3,101,623			
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	33.41%	35.52%	40.03%	46.16%	46.81%	46.88%	52.52%			
Covered Valuation Payroll	\$1,132,820	\$1,218,506	\$1,094,704	\$890,386	\$862,160	\$887,619	\$883,994			
Net Pension Liability as a Percentage of Covered Valuation Payroll	666.20%	517.26%	499.97%	478.24%	475.35%	440.74%	350.86%			

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)

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
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%
2019	\$ 347,334	\$ 200,671	\$ 146,663	\$ 1,094,704	18.33%
2020	\$ 428,999	\$ 194,946	\$ 234,053	\$ 1,218,506	16.00%
2021	\$ 505,606	\$ 193,532	\$ 312,074	\$ 1,132,820	17.08%
2022	\$ 614,441	\$ 218,845	\$ 395,596	\$ 1,235,742	17.71%

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

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues - Appropriations and Actual

For the Year Ended April 30, 2022

Revenues	Appropriations		Modified
	Original	Final	Accrual Basis
Administrative	\$ 3,800,854	\$ 3,800,854	\$ 4,520,985
Audit fund	19,000	19,000	17,103
Lake management fund	13,500	13,500	15,268
Tort immunity (liability) fund	107,426	107,426	107,502
Police protection fund	450,370	450,370	320,077
Street and bridge fund	37,000	37,000	30,583
Social security fund	146,487	146,487	146,591
IMRF fund	87,190	87,190	87,252
Total Revenues	\$ 4,661,827	\$ 4,661,827	\$ 5,245,361

VILLAGE OF ISLAND LAKE

General Fund - Statement of Expenditures - Appropriations and Actual

For the Year Ended April 30, 2022

	Appropriations		Modified
	Original	Final	Accrual Basis
Administrative Personnel			
Administrative salaries	\$ 518,972	\$ 518,972	\$ 315,353
Elected officials	68,888	68,888	38,217
Overtime	300	300	1,250
Zoning board of appeals	1,500	1,500	1,110
Liquor commission	300	300	-
Retirement contribution	88,510	88,510	48,765
Sick-time buy back	750	750	-
Part-time salaries	25,500	25,500	9,409
Total Personnel	704,720	704,720	414,104
Contractual Service			
Health and life insurance	101,312	101,312	63,968
Maintenance - equipment	6,000	6,000	6,030
Engineering services	10,500	10,500	33,052
Legal services	135,000	135,000	76,877
Data processing	27,000	27,000	73,165
Other professional services	55,500	55,500	39,030
Postage	4,500	4,500	5,271
Telephone	6,000	6,000	4,532
Publishing	-	-	1,688
Dues and subscriptions	6,750	6,750	4,138
Travel and meetings	-	-	380
Training	1,000	1,000	4,177
General insurance	750	750	170
Rentals	2,700	2,700	2,066
Forms and printing	1,500	1,500	3,865
Bank charges	1,425	1,425	747
Total Contractual Services	359,937	359,937	319,156
Commodities			
Office supplies	4,800	4,800	4,946
Gasoline and oil	1,800	1,800	1,008

VILLAGE OF ISLAND LAKE*General Fund - Statement of Expenditures - Appropriations and Actual**For the Year Ended April 30, 2022*

	Appropriations		Modified
	Original	Final	Accrual
			Basis
Administrative			
Administrative (continued)			
Commodities (continued)			
Operating supplies	\$ 1,800	\$ 1,800	\$ 1,683
Vehicle maintenance supplies	-	-	20
Total Commodities	8,400	8,400	7,657
Other Expenditures			
Community relations	20,700	20,700	3,107
Economic development	-	-	13,350
Miscellaneous expenses	900	900	124,251
Total Other Expenditures	21,600	21,600	140,708
Capital Outlay			
Equipment	-	-	1,891
Total Capital Outlay	-	-	1,891
Debt Service			
Bond payment - principal	131,700	131,700	85,000
Bond payment - interest	4,200	4,200	4,240
Total Debt Service	135,900	135,900	89,240
Total Administrative Expenditures	1,230,557	1,230,557	972,756
Building and Grounds			
Personnel			
Salaries - personnel	12,750	12,750	22,780
Retirement contribution	975	975	2,107
Total Personnel	13,725	13,725	24,887
Contractual Services			
Maintenance - building	237,000	237,000	4,972
Maintenance - equipment	18,000	18,000	1,025
Maintenance - grounds	15,000	15,000	4,346

VILLAGE OF ISLAND LAKE

General Fund - Statement of Expenditures - Appropriations and Actual

For the Year Ended April 30, 2022

	Appropriations		Modified
	Original	Final	Accrual Basis
Administrative			
Building and Grounds (continued)			
Contractual Services (continued)			
Janitorial service	\$ 1,500	\$ 1,500	\$ -
Lake/weed spraying	-	-	3,792
Uniforms	-	-	539
Tree removal	7,500	7,500	2,800
Sewer fees	1,950	1,950	1,491
Rentals	1,500	1,500	-
Total Contractual Services	282,450	282,450	18,965
Commodities			
Operating supplies	750	750	565
Janitorial supplies	3,300	3,300	2,706
Building maintenance supplies	15,000	15,000	14,421
Total Commodities	19,050	19,050	17,692
Total Building and Grounds	315,225	315,225	61,544
Fire and Police Commission			
Contractual Services			
Fire and police commission salaries	1,350	1,350	1,290
Other professional services	750	750	129
Dues	600	600	750
Total Contractual Services	2,700	2,700	2,169
Total Fire and Police Commission	2,700	2,700	2,169
Emergency Management			
Communications	900	900	1,920
Small tools	750	750	-

VILLAGE OF ISLAND LAKE

General Fund - Statement of Expenditures - Appropriations and Actual

For the Year Ended April 30, 2022

	Appropriations		Modified
	Original	Final	Accrual Basis
Administrative			
Emergency Management (continued)			
Miscellaneous expense	\$ 300	\$ 300	\$ -
Total Emergency Management	1,950	1,950	1,920
Total General Expenditures	1,550,432	1,550,432	1,038,389
Lake Management Committee			
Contractual Services			
Personnel services	5,400	5,400	1,830
Other professional services	30,900	30,900	12,324
Miscellaneous expense	900	900	831
Maintenance - equipment	-	-	466
Maintenance - other	1,500	1,500	378
Lake and weed maintenance	105,300	105,300	62,437
Total Contractual Services	144,000	144,000	78,266
Commodities			
Operating supplies	-	-	1,049
Total Commodities	-	-	1,049
Capital Outlay			
Equipment	17,550	17,550	8
Improvements	18,000	18,000	2,245
Total Capital Outlay	35,550	35,550	2,253
Total Lake Management Committee	179,550	179,550	81,568
Tort Immunity (Liability)			
Unemployment/liability insurance	660,000	660,000	268,175
Total Tort Immunity (Liability)	660,000	660,000	268,175
Audit			
Accounting services	28,500	28,500	18,000
Total Audit	28,500	28,500	18,000

VILLAGE OF ISLAND LAKE

General Fund - Statement of Expenditures - Appropriations and Actual

For the Year Ended April 30, 2022

Administrative	Appropriations		Modified
	Original	Final	Accrual Basis
Police Protection (continued)			
Personnel Services			
Employee salaries	\$ 2,019,279	\$ 2,019,279	\$ 1,433,580
Overtime	114,750	114,750	178,991
Sick-time, vacation buy back	11,391	11,391	11,103
Part-time salary	82,500	82,500	32,750
Records clerk	92,985	92,985	-
FTO and OIC pay	15,000	15,000	15,278
Retirement contribution	162,515	162,515	129,484
Health and life insurance	289,745	289,745	158,599
Total Personnel Services	2,788,165	2,788,165	1,959,785
Contractual Services			
Maintenance - equipment	7,500	7,500	13,026
Maintenance - vehicles	15,000	15,000	2,415
Maintenance - other	1,500	1,500	1,621
Legal services	112,500	112,500	55,742
Employer contributions	-	-	199,441
Telephone	18,000	18,000	10,165
Medical services	150	150	-
Other communications	150	150	-
Dues and subscriptions	11,250	11,250	4,719
Training	57,000	57,000	22,569
Data processing services	16,650	16,650	2,475
Other professional services	210,000	210,000	162,213
Postage	1,875	1,875	1,228
Publications	375	375	7,523
Forms and printing	375	375	-
Travel expenses	750	750	14
Armory	18,000	18,000	8,792
Evidence files	18,000	18,000	11,971
Total Contractual Services	489,075	489,075	503,914

VILLAGE OF ISLAND LAKE

General Fund - Statement of Expenditures - Appropriations and Actual

For the Year Ended April 30, 2022

	Appropriations		Modified
	Original	Final	Accrual Basis
Administrative			
Police Protection (continued)			
Commodities			
Office supplies	\$ 15,000	\$ 15,000	\$ 5,510
Gasoline and oil	60,000	60,000	46,906
Operating supplies	18,000	18,000	6,331
Uniforms	22,500	22,500	19,017
Vehicle maintenance supplies	4,500	4,500	14,349
Animal control	750	750	170
Miscellaneous expense	750	750	499
Total Commodities	121,500	121,500	92,782
Capital Outlay			
Equipment	45,000	45,000	28,575
Vehicles	165,000	165,000	121,162
Total Capital Outlay	210,000	210,000	149,737
Total Police Protection	3,608,740	3,608,740	2,706,218
Street and Bridge			
Personnel Services			
Employee salaries	668,682	668,682	463,037
Overtime	24,000	24,000	22,278
Sick-time buy back	-	-	1,241
Part-time salary	36,000	36,000	30,159
Retirement contribution	131,496	131,496	75,018
Health and life insurance	218,390	218,390	140,567
Total Personnel Services	1,078,568	1,078,568	732,300
Contractual Services			
Maintenance - equipment	6,750	6,750	12,179
Maintenance - streets	13,500	13,500	10,697
Maintenance - vehicles	12,150	12,150	4,302
Storm tracking	1,500	1,500	1,000
Telephone	3,300	3,300	2,625
Other communications	2,250	2,250	1,678

VILLAGE OF ISLAND LAKE

General Fund - Statement of Expenditures - Appropriations and Actual

For the Year Ended April 30, 2022

	Appropriations		Modified
	Original	Final	Accrual Basis
Administrative			
Street and Bridge (concluded)			
Contractual Services			
Other professional services	\$ 19,500	\$ 19,500	\$ 4,576
Medical services	-	-	189
Dues and subscriptions	-	-	290
Training	105	105	2,517
Utilities	74	74	-
Rental	6,750	6,750	8,476
Total Contractual Services	<u>65,879</u>	<u>65,879</u>	<u>48,529</u>
Commodities			
Office supplies	375	375	420
Gasoline and oil	27,000	27,000	27,056
Operating supplies	9,000	9,000	8,164
Small tools	4,050	4,050	1,428
Signs and poles	6,000	6,000	10,939
Uniforms	8,400	8,400	10,184
Street lighting	4,200	4,200	3,883
Miscellaneous	225	225	578
Storm sewer supplies	-	-	119
Refuse disposal	-	-	35,070
Vehicle maintenance supplies	28,500	28,500	25,379
Street maintenance supplies	15,000	15,000	19,502
Total Commodities	<u>102,750</u>	<u>102,750</u>	<u>142,722</u>
Capital Outlay			
Equipment	3,000	3,000	7,539
Vehicles	80,706	80,706	34,072
Total Capital Outlay	<u>83,706</u>	<u>83,706</u>	<u>41,611</u>
Total Street and Bridge	<u>1,330,903</u>	<u>1,330,903</u>	<u>965,162</u>

VILLAGE OF ISLAND LAKE

General Fund - Statement of Expenditures - Appropriations and Actual

For the Year Ended April 30, 2022

	Appropriations		Modified
	Original	Final	Accrual Basis
Administrative			
Parks			
Contractual Services			
Personnel services	\$ -	\$ -	\$ 446
Maintenance - equipment	60,000	60,000	453
Maintenance - building	-	-	3,464
Maintenance - grounds	30,000	30,000	9,765
Maintenance - other	-	-	2,467
Total Contractual Services	<u>90,000</u>	<u>90,000</u>	<u>16,595</u>
Commodities			
Maintenance - supplies	1,050	1,050	-
Operating supplies	60	60	-
Signs and poles	255	255	890
Total Commodities	<u>1,365</u>	<u>1,365</u>	<u>890</u>
Total Parks	<u>91,365</u>	<u>91,365</u>	<u>17,485</u>
Total General Fund	<u>\$ 7,449,490</u>	<u>\$ 7,449,490</u>	<u>\$ 5,094,997</u>

VILLAGE OF ISLAND LAKE

*Garbage Fund - Statement of Revenues, Expenditures and Changes in Fund Balance -
Appropriations and Actual
For the Year Ended April 30, 2022*

	Appropriations		Modified
	Original	Final	Accrual Basis
Revenue			
Total Revenue	\$ -	\$ -	\$ -
Expenditures			
Other Expenditures			
Miscellaneous expenditures	-	-	4,653
Total Other Expenditures	-	-	4,653
Total Expenditures	-	-	4,653
Net Change in Fund Balance	\$ -	\$ -	(4,653)
Fund Balance			
Balance, Beginning of Year			(31,945)
Total Fund Balance, End of Year			\$ (36,598)

VILLAGE OF ISLAND LAKE

Recreation Fund - Statement of Revenues, Expenditures and Changes in Fund Balance -
 Appropriations and Actual
 For the Year Ended April 30, 2022

Revenue	Appropriations		Modified
	Original	Final	Accrual Basis
Classes	\$ 9,000	\$ 9,000	\$ 6,019
Craft fair	6,000	6,000	3,434
Creative playtime	90,000	90,000	-
Summer camp	40,000	40,000	28,867
Club fees	100,000	100,000	135,822
Grants, donations and fundraisers	6,000	6,000	44,282
Miscellaneous and other income	1,500	1,500	20,666
Total Revenue	252,500	252,500	239,090
Expenditures			
Personnel Services			
General administrative salaries	62,400	62,400	45,843
Events salaries	31,200	31,200	-
Creative playtime salaries	112,500	112,500	66,466
Club salaries	127,500	127,500	63,661
IMRF	14,447	14,447	8,261
Social security tax	19,589	19,589	10,210
Medicare tax	4,470	4,470	2,388
Total Personnel Services	372,106	372,106	196,829
Contractual Services			
Health insurance	9,972	9,972	8,164
Telephone	1,350	1,350	1,272
Maintenance - equipment	3,000	3,000	2,966
Maintenance - vehicles	3,750	3,750	903
Field trips	13,500	13,500	10,668
Lakefest	-	-	33,678
Fireworks	28,500	28,500	29,074
Concerts in the park	-	-	3,550
Other events	-	-	16,810

VILLAGE OF ISLAND LAKE

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

Appropriations and Actual

For the Year Ended April 30, 2022

	Appropriations		Modified
	Original	Final	Accrual Basis
Contractual Services (concluded)			
Training	\$ 1,875	\$ 1,875	\$ -
Publishing	375	375	-
Total Contractual Services	<u>62,322</u>	<u>62,322</u>	<u>107,085</u>
Commodities			
Recreation supplies	-	-	934
Office supplies	1,215	1,215	866
Fund raising specials	3,000	3,000	346
Operating supplies	13,500	13,500	5,770
Craft fair	600	600	2,205
Gas & oil	750	750	-
Miscellaneous expenditures	225	225	192
Total Commodities	<u>19,290</u>	<u>19,290</u>	<u>10,313</u>
Other Expenditures			
Equipment	750	750	-
Total Other Expenditures	<u>750</u>	<u>750</u>	<u>-</u>
Total Expenditures	<u>454,468</u>	<u>454,468</u>	<u>314,227</u>
Net Change in Fund Balance	<u>\$ (201,968)</u>	<u>\$ (201,968)</u>	<u>(75,137)</u>
Fund Balance			
Balance, Beginning of Year			<u>(41,751)</u>
Total Fund Balance, End of Year			<u>\$ (116,888)</u>

VILLAGE OF ISLAND LAKE

*Motor Fuel Tax Fund - Statement of Revenues, Expenditures and Changes in Fund Balance -
Appropriations and Actual
For the Year Ended April 30, 2022*

	Appropriations		Modified
	Original	Final	Accrual Basis
Revenue			
Allotments	\$ 503,364	\$ 503,364	\$ 501,353
Interest income	500	500	587
Total Revenue	503,864	503,864	501,940
Expenditures			
Maintenance streets	263,400	263,400	11,115
Street lighting	115,500	115,500	61,631
Materials and supplies	82,500	82,500	49,519
Total Expenditures	461,400	461,400	122,265
Net Change in Fund Balance	\$ 42,464	\$ 42,464	379,675
Fund Balance			
Balance, Beginning of Year			(441,098)
Total Fund Balance, End of Year			\$ (61,423)

NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Required Supplementary Information
Year Ended April 30, 2022

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. The appropriation was passed on July 23, 2021.
- All appropriations lapse at year-end.

SUPPLEMENTARY INFORMATION

VILLAGE OF ISLAND LAKE

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

For the Year Ended April 30, 2022

	Appropriations		Accrual
	Original	Final	Basis
Personnel Services			
Salaries	\$ 558,953	\$ 558,953	\$ 264,036
Overtime	37,500	37,500	22,137
Sick-time buy back	1,500	1,500	-
Part-time salaries	23,400	23,400	-
Health and life insurance	148,299	148,299	85,290
Social security	31,335	31,335	17,881
Medicare	7,328	7,328	4,182
IMRF	53,096	53,096	35,721
Total Personnel Services	861,411	861,411	429,247
Contractual Services			
Maintenance - building	5,175	5,175	4,992
Maintenance - equipment	410,475	410,475	548
Maintenance - water distribution system	13,500	13,500	-
Maintenance - vehicles	5,625	5,625	555
Maintenance - grounds	1,500	1,500	7,196
Engineering services	29,286	29,286	41,874
Legal services	3,000	3,000	-
Data processing	6,750	6,750	-
Other professional services	14,580	14,580	16,250
Postage	8,826	8,826	6,564
Telephone	4,650	4,650	1,923
Publishing	750	750	-
Dues and subscriptions	4,950	4,950	2,371
Training	5,550	5,550	830
Utilities	165,000	165,000	120,602
Liability insurance	112,500	112,500	89,392
Rentals	600	600	51
Forms and printing	6,300	6,300	4,174
Bank charges	900	900	567
Total Contractual Services	799,917	799,917	297,889

VILLAGE OF ISLAND LAKE

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

For the Year Ended April 30, 2022

Expenditures (concluded)	Appropriations		Accrual
	Original	Final	Basis
Commodities			
Office supplies	\$ 1,800	\$ 1,800	\$ 181
Gasoline and oil	12,225	12,225	6,746
Operating supplies	8,850	8,850	6,453
Small tools and minor equipment	3,450	3,450	1,710
Chemicals	138,225	138,225	86,053
Uniforms	6,000	6,000	3,738
Miscellaneous	-	-	343
Vehicle maintenance supplies	1,425	1,425	1,967
Building and grounds maintenance supplies	-	-	1,706
Water distribution supplies	39,975	39,975	23,813
Water meters	78,150	78,150	57,183
Total Commodities	290,100	290,100	189,893
Capital Outlay			
Equipment	14,100	14,100	6,244
Vehicles	11,610	11,610	9,895
Construction (contracted)	208,500	208,500	-
Depreciation	-	-	341,783
Total Capital Outlay	234,210	234,210	357,922
Total Waterworks Operating Fund	\$ 2,185,638	\$ 2,185,638	\$ 1,274,951

VILLAGE OF ISLAND LAKE

Property Tax Extension Rates

For the Year Ended April 30, 2022

Tax Levy Year			
Assessed Valuation	2021	2020	2019
Lake County	\$ 90,690,453	\$ 86,570,998	\$ 83,490,637
McHenry County	110,987,572	108,176,566	103,395,557
Totals	<u>\$ 201,678,025</u>	<u>\$ 194,747,564</u>	<u>\$ 186,886,194</u>

Tax Rates and Percentages - Allocated by Fund

Lake County	Rate	Percentage	Rate	Percentage	Rate	Percentage
General	0.336839	48.79%	0.321513	46.57%	0.331470	47.43%
Social Security	0.072969	10.57%	0.074483	10.79%	0.076789	10.99%
Police Protection	0.075402	10.92%	0.076966	11.15%	0.079349	11.36%
Audit	0.008514	1.23%	0.008690	1.26%	0.008959	1.28%
Tort Immunity	0.053512	7.75%	0.054621	7.91%	0.056312	8.06%
IMRF	0.043432	6.29%	0.044333	6.42%	0.040954	5.86%
Police Pension	0.099723	14.44%	0.101793	14.74%	0.104945	15.02%
Totals	<u>0.690391</u>	<u>99.99%</u>	<u>0.682399</u>	<u>98.84%</u>	<u>0.698778</u>	<u>100.00%</u>
McHenry County						
General	0.320212	47.27%	0.327242	48.31%	0.337918	47.44%
Social Security	0.073717	10.88%	0.075808	11.19%	0.078282	10.99%
Police Protection	0.076174	11.25%	0.078335	11.56%	0.080892	11.36%
Audit	0.008601	1.27%	0.008845	1.31%	0.009133	1.28%
Tort Immunity	0.054060	7.98%	0.055594	8.21%	0.057408	8.06%
IMRF	0.043877	6.48%	0.045122	6.66%	0.041751	5.86%
Police Pension	0.100745	14.87%	0.103604	15.29%	0.106986	15.02%
Totals	<u>0.677386</u>	<u>100.00%</u>	<u>0.694550</u>	<u>102.53%</u>	<u>0.712370</u>	<u>100.00%</u>

VILLAGE OF ISLAND LAKE

Property Tax Extensions

For the Year Ended April 30, 2022

Levy Year County	Property Tax Rates (per \$100 of assessed valuation)								
	2021			2020			2019		
	Lake	McHenry	Total	Lake	McHenry	Total	Lake	McHenry	Total
Assessed Valuation	\$ 90,690,453	\$ 110,987,572	\$ 201,678,025	\$ 86,570,998	\$ 108,176,566	\$ 194,747,564	\$ 83,490,637	\$ 103,395,557	\$ 186,886,194
Fund Extension									
General	\$ 290,402	\$ 373,849	\$ 664,251	\$ 278,337	\$ 353,999	\$ 632,336	\$ 276,746	\$ 349,392	\$ 626,138
Social Security	66,854	80,987	147,841	64,481	82,007	146,488	64,112	80,940	145,052
Police Protection	69,083	83,687	152,770	66,630	84,740	151,370	66,249	83,639	149,888
Audit	7,800	9,449	17,249	7,523	9,568	17,091	7,480	9,443	16,923
Tort Immunity	49,027	59,392	108,419	47,286	60,140	107,426	47,015	59,357	106,372
IMRF	39,792	48,204	87,996	38,380	48,811	87,191	34,193	43,169	77,362
Police Pension	91,366	110,680	202,046	88,123	112,075	200,198	87,619	110,619	198,238
Total Funds	\$ 614,324	\$ 766,248	\$ 1,380,572	\$ 590,760	\$ 751,340	\$ 1,342,100	\$ 583,414	\$ 736,559	\$ 1,319,973