

VILLAGE OF ISLAND LAKE,
ILLINOIS
ANNUAL FINANCIAL REPORT
Year Ended April 30, 2023

VILLAGE OF ISLAND LAKE, ILLINOIS

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Year Ended April 30, 2023

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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 aggregate remaining fund information of the Village of Island Lake, Illinois as of and for the year ended April 30, 2023, 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 aggregate remaining fund information of the Village of Island Lake, Illinois as of April 30, 2023, 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.

We did not audit the financial statements of the Police Pension Fund, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, revenues and aggregate remaining fund information as of April 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village's Police Pension Fund, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. 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, Illinois 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.

Emphasis of Matter

As discussed in Note 7, the Village of Island Lake, Illinois implemented Governmental Standards Board Statement No. 87, Leases, in 2023. As a result, beginning capital asset and beginning long-term

liability balances were restated to include leases previously not reported. Our opinions are not modified with respect to this matter.

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, Illinois' 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, Illinois' basic financial statements. The supplementary information as listed in the table of contents 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 Proprietary Fund, Waterworks Fund – Statement of Expenditures – Appropriations and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole. We do not express our opinion or any form of assurance on the Property Tax Extension Rates and Extensions.

Other Reporting Required by *Government Accounting Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2024, on our consideration of the Village of Island Lake, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Island Lake, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed with Government Auditing Standards in considering the Village of Island Lake, Illinois' internal control over financial reporting and compliance.

GW & Associates, P.C.

GW & Associates, P.C.

Hillside, Illinois

January 31, 2024

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended April 30, 2023

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, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities and deferred inflows at April 30, 2023 by \$32,463,699 (Net Position). Of this amount, (\$4,216,997) 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 \$41,325.
- At April 30, 2023, the Village's governmental funds reported combined ending fund balances of \$1,625,934, an increase of \$577,751 from the prior period.
- The Village's total net capital assets decreased by \$471,626 for the year ended April 30, 2023.

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

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended April 30, 2023

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.

The basic governmental fund financial statements can be found on pages 15 through 20 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.

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

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended April 30, 2023

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 21 and 22 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 23 through 58 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 65 to 72 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 \$32,463,699 at April 30, 2023.

Of the Village's net position, \$36,544,673 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, 2023

Village of Island Lake - Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>4/30/2022</u>	<u>4/30/2023</u>	<u>4/30/2022</u>	<u>4/30/2023</u>	<u>4/30/2022</u>	<u>4/30/2023</u>
Current and Other Assets	\$ 2,853,192	\$ 3,574,064	\$ 1,985,560	\$ 2,540,053	\$ 4,838,752	\$ 6,114,117
Capital Assets	27,995,411	27,212,780	9,109,516	9,420,521	37,104,927	36,633,301
Net Total Assets	\$ 30,848,603	\$ 30,786,844	\$ 11,095,076	\$ 11,960,574	\$ 41,943,679	\$ 42,747,418
Deferred Outflows - IMRF	\$ 1,937,742	\$ 2,577,114	\$ -	\$ -	\$ 1,937,742	\$ 2,577,114
Current Liabilities	\$ 528,535	\$ 496,725	\$ 82,121	\$ 96,178	\$ 610,656	\$ 592,903
Noncurrent Liabilities	7,259,012	10,277,839	104,258	13,618	7,363,270	10,291,457
Total Liabilities	7,787,547	10,774,564	186,379	109,796	7,973,926	10,884,360
Deferred Inflows -						
IMRF	1,996,818	503,488	-	-	1,996,818	503,488
Property taxes	1,405,653	1,472,985	-	-	1,405,653	1,472,985
Total Deferred Inflows	3,402,471	1,976,473	-	-	3,402,471	1,976,473
Net Position						
Net investment in capital assets	27,854,703	27,124,152	9,104,445	9,420,521	36,959,148	36,544,673
Restricted	115,788	136,023	-	-	115,788	136,023
Unrestricted	(6,374,164)	(6,647,254)	1,804,252	2,430,257	(4,569,912)	(4,216,997)
Total Net Position	\$ 21,596,327	\$ 20,612,921	\$ 10,908,697	\$ 11,850,778	\$ 32,505,024	\$ 32,463,699

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 (\$4,216,997) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2023, 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 \$41,325 during the year ended April 30, 2023.

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended April 30, 2023

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	4/30/2023	4/30/2022	4/30/2023	4/30/2022	4/30/2023
Program Revenues						
Charges for Services	\$ 908,822	\$ 885,828	\$ 1,335,167	\$ 1,556,468	\$ 2,243,989	\$ 2,442,296
Capital Grants & Contributions	-	-	-	632,626	-	632,626
Operating Grants & Contributions	1,974	429,609	458,773	-	460,747	429,609
General Revenues						
Property Tax	1,358,540	1,430,276	-	-	1,358,540	1,430,276
Other Tax	782,367	294,313	-	-	782,367	294,313
Utility Tax	389,410	433,982	-	-	389,410	433,982
Sales Tax	1,266,950	1,324,191	-	-	1,266,950	1,324,191
Income Tax	1,236,663	1,254,721	-	-	1,236,663	1,254,721
Other	40,658	140,840	25,180	26,145	65,838	166,985
Interest	1,007	4,712	1,147	1,254	2,154	5,966
Total Revenues	\$ 5,986,391	\$ 6,198,472	\$ 1,820,267	\$ 2,216,493	\$ 7,806,658	\$ 8,414,965
Expenses						
General Government	\$ 989,797	\$ 1,234,028	\$ -	\$ -	\$ 989,797	\$ 1,234,028
Public Safety	3,476,465	3,599,879	-	-	3,476,465	3,599,879
Streets & Roads	1,960,315	2,110,006	-	-	1,960,315	2,110,006
Culture & Recreation	331,712	268,170	-	-	331,712	268,170
Interest on Long-Term Debt	4,240	1,440	-	-	4,240	1,440
Proprietary Activities	-	-	1,274,951	1,443,102	1,274,951	1,443,102
Total Expenses	6,762,529	7,213,523	1,274,951	1,443,102	8,037,480	8,656,625
Capitalized connection fees	-	-	183,126	200,335	183,126	200,335
Transfers In (Out)	-	31,645	-	(31,645)	-	-
Increase (Decrease) in Net Position	(776,138)	(983,406)	728,442	942,081	(47,696)	(41,325)
Net Position - Beginning of Year	22,372,465	21,596,327	10,180,255	10,908,697	32,552,720	32,505,024
Net Position - End of Year	\$ 21,596,327	\$ 20,612,921	\$ 10,908,697	\$ 11,850,778	\$ 32,505,024	\$ 32,463,699

Governmental activities

Governmental activities decreased the Village's net position by \$983,406.

Business-type activities

Business-type activities increased the Village's net position by \$942,081.

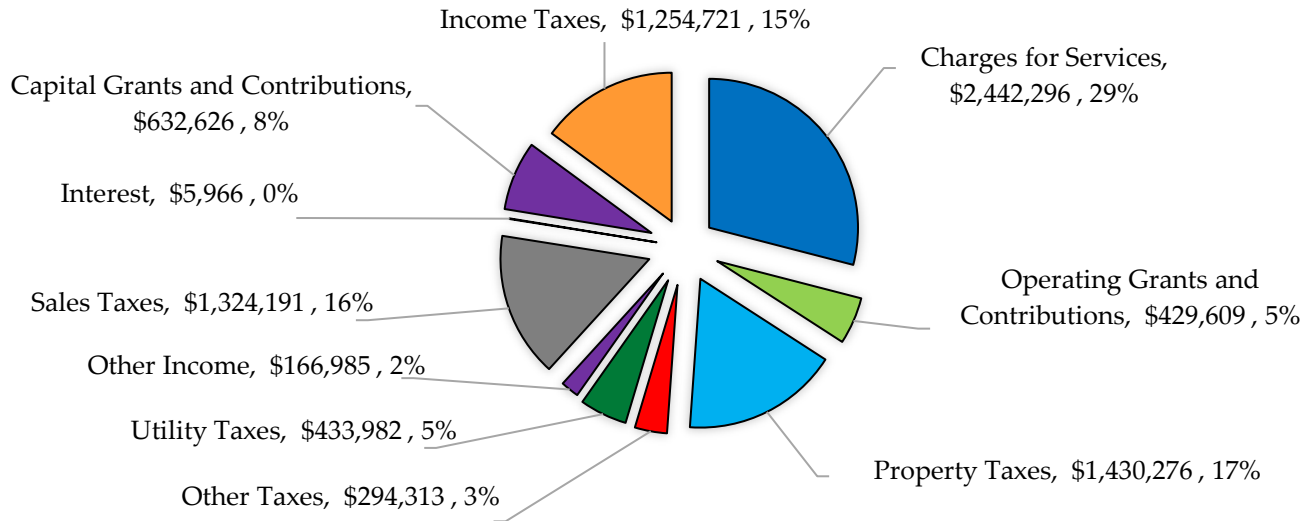
Key elements of the increases to net position by governmental and business type activities are on the following page.

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended April 30, 2023

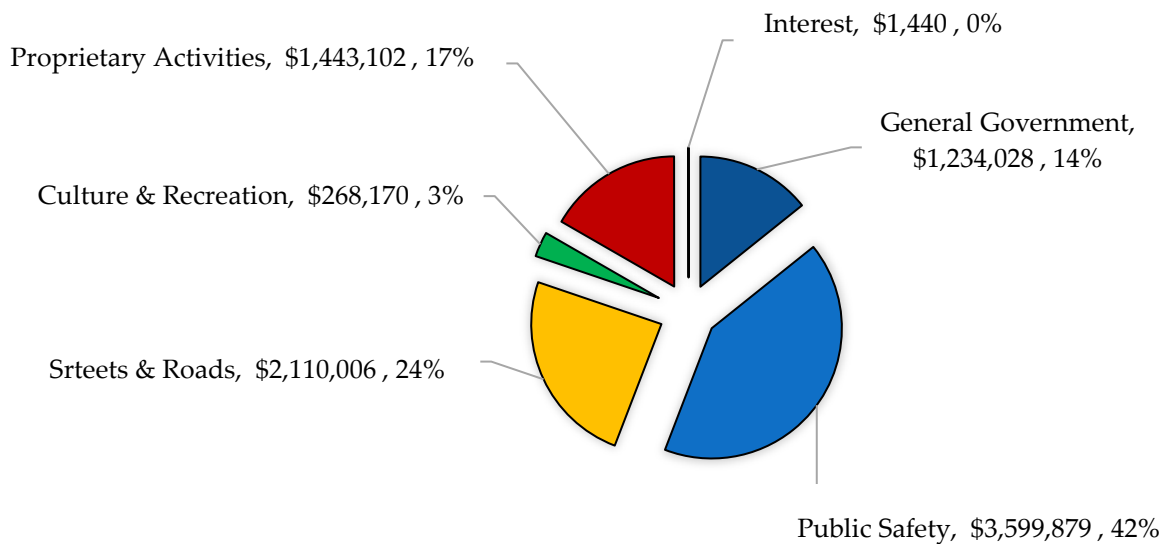
2023 REVENUES

ROUNDED TO NEAREST PERCENT



2023 EXPENSES

ROUNDED TO NEAREST PERCENT



VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended April 30, 2023

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, 2023, the Village's governmental funds reported combined ending fund balances of \$1,625,934, an increase of \$577,751 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, 2023, the fund balance of the General Fund was \$1,917,338. This represents an increase of \$654,246 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 \$4,918,799.

CAPITAL ASSETS

The Village's capital assets for its governmental and business-type activities as of April 30, 2023 amounts to \$36,633,301 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, systems, and equipment.

Village of Island Lake Capital Assets

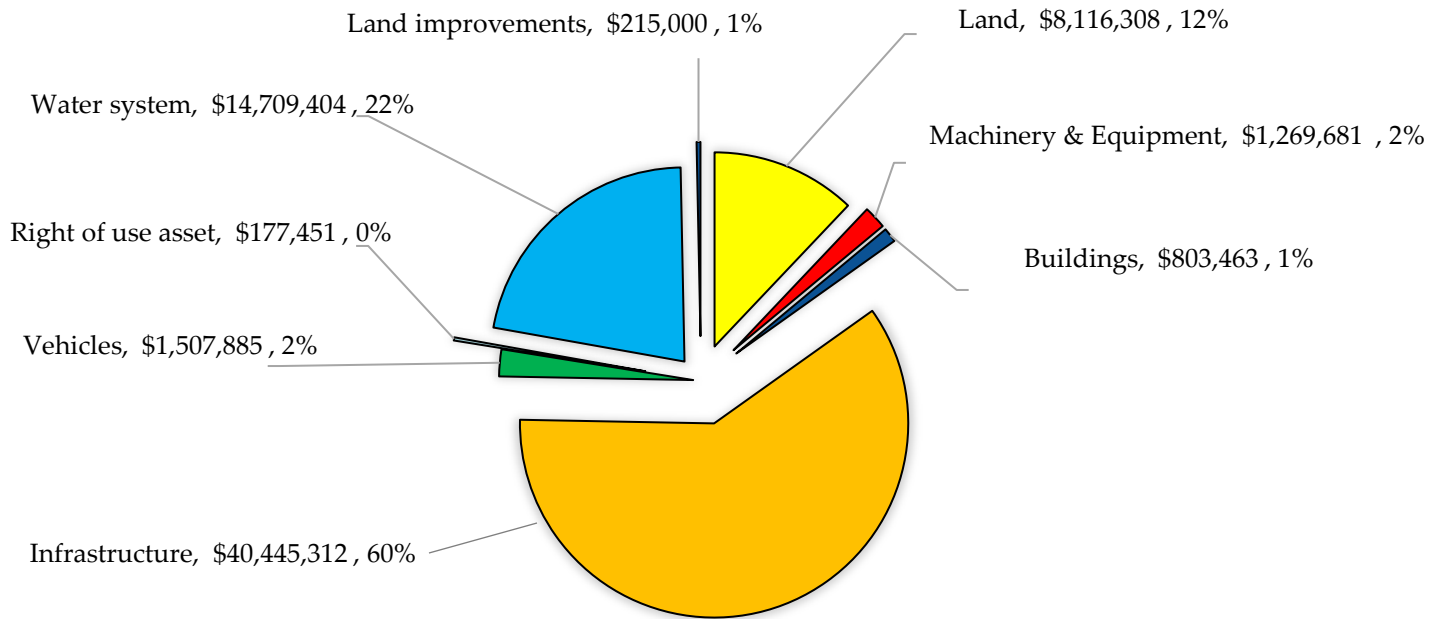
	Governmental Activities		Business Type Activities		Total	
	4/30/2022	4/30/2023	4/30/2022	4/30/2023	4/30/2022	4/30/2023
	(As Restated)				(As Restated)	
Land	\$ 8,116,308	\$ 8,116,308	\$ -	\$ -	\$ 8,116,308	\$ 8,116,308
Construction in progress	-	-	458,773	-	458,773	-
Land improvements	215,000	215,000	-	-	215,000	215,000
Buildings	803,463	803,463	-	-	803,463	803,463
Machinery and equipment	715,064	726,625	571,056	543,056	1,286,120	1,269,681
Vehicles	1,292,036	1,292,036	197,861	215,849	1,489,897	1,507,885
Right of use asset	177,451	177,451	-	-	177,451	177,451
Infrastructure	40,445,312	40,445,312	-	-	40,445,312	40,445,312
Water system	-	-	13,643,657	14,709,404	13,643,657	14,709,404
Total Capital Assets	51,764,634	51,776,195	14,871,347	15,468,309	66,635,981	67,244,504
Accumulated depreciation/amortization	23,591,772	24,563,415	5,761,831	6,047,788	29,353,603	30,611,203
Total Net Capital Assets	\$ 28,172,862	\$ 27,212,780	\$ 9,109,516	\$ 9,420,521	\$ 37,282,378	\$ 36,633,301

VILLAGE OF ISLAND LAKE, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended April 30, 2023

Additional information on the Village's capital assets can be found in note 3 on pages 38-39.

CAPITAL ASSETS (AT COST)



ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Village for the 2022 levy is \$214,870,879. This represents an increase in EAV of \$13,192,854 over the prior year's EAV. Taxes recorded in these financial statements are from the 2021 levy. A summary of the assessed valuations and extensions for tax years 2022, 2021, and 2020 is found on pages 79 and 80 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, 2023

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, 2023

Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current Assets			
Cash and equivalents, at cost	\$ 1,477,960	\$ 2,290,618	\$ 3,768,578
Receivables - net of allowances	620,060	204,183	824,243
Property tax receivable	1,472,985	-	1,472,985
Internal Balances	(45,252)	45,252	-
Total Current Assets	3,525,753	2,540,053	6,065,806
Noncurrent Assets			
Net Pension Asset - SLEP	48,311	-	48,311
Capital assets not being depreciated	8,116,308	-	8,116,308
Capital assets, being depreciated/amortized	19,096,472	9,420,521	28,516,993
Total Noncurrent Assets	27,261,091	9,420,521	36,681,612
Total Assets	\$ 30,786,844	\$ 11,960,574	\$ 42,747,418
Deferred Pension Outflows			
	\$ 2,577,114	\$ -	\$ 2,577,114
Current Liabilities			
Accounts payable	110,372	75,437	185,809
Accrued payroll	51,842	5,840	57,682
Due to other governments	23,936	-	23,936
Deposits payable	240,684	14,901	255,585
Notes payable within one year	8,765	-	8,765
Lease liability - current portion	61,126	-	61,126
Total Current Liabilities	496,725	96,178	592,903
Noncurrent Liabilities			
Notes payable due in more than one year	2,257	-	2,257
Net pension liability	10,123,982	-	10,123,982
Compensated absences	135,120	13,618	148,738
Lease liability- noncurrent portion	16,480	-	16,480
Total Noncurrent Liabilities	10,277,839	13,618	10,291,457
Total Liabilities	10,774,564	\$ 109,796	\$ 10,884,360
Deferred Inflows - Pensions	503,488	-	503,488
Deferred Inflows - Property Taxes	1,472,985	-	1,472,985
Total Deferred Inflows	1,976,473	-	1,976,473
Net Position			
Net investment in capital assets	27,124,152	9,420,521	36,544,673
Restricted	136,023	-	136,023
Unrestricted	(6,647,254)	2,430,257	(4,216,997)
Total Net Position	\$ 20,612,921	\$ 11,850,778	\$ 32,463,699

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, 2023

	Expenses	Program Revenues			Net Revenue (Expense) and Changes		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General government	\$ 1,234,028	\$ 588,987	\$ 4,462	\$ -	\$ (640,579)	\$ -	\$ (640,579)
Public safety	3,599,879	156,557	8,862	-	(3,434,460)	-	(3,434,460)
Culture and recreation	268,170	140,284	-	-	(127,886)	-	(127,886)
Highways and streets	2,110,006	-	416,285	-	(1,693,721)	-	(1,693,721)
Interest on long-term debt	1,440	-	-	-	(1,440)	-	(1,440)
Total Governmental Activities	7,213,523	885,828	429,609	-	(5,898,086)	-	(5,898,086)
Business-Type Activities							
Waterworks	1,443,102	1,556,468	-	632,626	-	745,992	745,992
Total Business-Type Activities	1,443,102	1,556,468	-	632,626	-	745,992	745,992
Total Primary Government	\$ 8,656,625	\$ 2,442,296	\$ 429,609	\$ 632,626	(5,898,086)	745,992	(5,152,094)
General Revenues:							
Taxes							
					1,430,276	-	1,430,276
					433,982	-	433,982
					294,313	-	294,313
					1,324,191	-	1,324,191
					1,254,721	-	1,254,721
					4,712	1,254	5,966
					2,150	-	2,150
					138,690	26,145	164,835
					4,883,035	27,399	4,910,434
					31,645	(31,645)	-
					-	200,335	200,335
Changes in Net Position					(983,406)	942,081	(41,325)
Net Position, Beginning of Year					21,596,327	10,908,697	32,505,024
Total Net Position, End of Year					\$ 20,612,921	\$ 11,850,778	\$ 32,463,699

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

VILLAGE OF ISLAND LAKE

Governmental Fund Types - Combined Balance Sheet

April 30, 2023

Assets	General Fund	Garbage Fund	Recreation Fund	Motor Fuel Tax	Total
Cash and equivalents, at cost	\$ 914,838	\$ -	\$ -	\$ 795,222	\$ 1,710,060
Property taxes receivable, current levy	1,472,985	-	-	-	1,472,985
Other receivables	535,553	84,507	-	-	620,060
Due from other funds	882,802	-	-	-	882,802
Total Assets	\$ 3,806,178	\$ 84,507	\$ -	\$ 795,222	\$ 4,685,907
Liabilities					
Cash overdraft	\$ -	\$ 79,193	\$ 152,907	\$ -	\$ 232,100
Accounts payable and accruals	101,235	-	908	8,229	110,372
Accrued payroll	50,000	-	1,842	-	51,842
Deposits held	240,684	-	-	-	240,684
Due to other funds	-	45,252	-	882,802	928,054
Due to other governments	23,936	-	-	-	23,936
Total Liabilities	415,855	124,445	155,657	891,031	1,586,988
Deferred Inflows - Property Taxes	1,472,985	-	-	-	1,472,985
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	136,023	-	-	-	136,023
Unassigned	1,781,315	(39,938)	(155,657)	(95,809)	1,489,911
Total Fund Balance	1,917,338	(39,938)	(155,657)	(95,809)	1,625,934
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 3,806,178	\$ 84,507	\$ -	\$ 795,222	\$ 4,685,907

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, 2023

	General Fund	Garbage Fund	Recreation Fund	Motor Fuel Tax Fund	Total
Revenue					
Property taxes	\$ 1,430,276	\$ -	\$ -	\$ -	\$ 1,430,276
Intergovernmental revenue	2,873,225	-	-	416,285	3,289,510
Utility taxes	433,982	-	-	-	433,982
Fines	156,557	-	-	-	156,557
Classes	-	-	773	-	773
Licenses, fees, permits, taxes	588,987	-	-	-	588,987
Summer camp	-	-	34,680	-	34,680
Club fees	-	-	104,831	-	104,831
Grants and donations	9,562	-	3,762	-	13,324
Miscellaneous and other income	68,348	-	70,342	-	138,690
Capital activity	-	-	-	-	-
Interest income	3,804	-	-	908	4,712
Total Revenue	5,564,741	-	214,388	417,193	6,196,322
Expenditures					
Current					
General government	1,099,708	3,340	-	-	1,103,048
Public safety	2,606,653	-	-	-	2,606,653
Culture and recreation	15,013	-	253,157	-	268,170
Highway and streets	821,750	-	-	144,979	966,729
Capital Outlay					
Capital expenditures	170,195	-	-	306,600	476,795
Debt Service					
Debt service - principal	\$ 229,531	\$ -	\$ -	\$ -	\$ 229,531
Debt service - interest	1,440	-	-	-	1,440
Total Expenditures	4,944,290	3,340	253,157	451,579	5,652,366
Excess/(Deficiency) of Revenues Over Expenditures	620,451	(3,340)	(38,769)	(34,386)	543,956
Other Financing Sources (Uses)					
Sale of capital assets	2,150	-	-	-	2,150
Operating transfers in/(out)	31,645	-	-	-	31,645
Net Change in Fund Balance	654,246	(3,340)	(38,769)	(34,386)	577,751
Fund Balance					
Fund Balance, beginning of year	1,263,092	(36,598)	(116,888)	(61,423)	1,048,183
Fund Balance, end of year	\$ 1,917,338	\$ (39,938)	\$ (155,657)	\$ (95,809)	\$ 1,625,934

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

VILLAGE OF ISLAND LAKE

*Reconciliation of the Governmental Fund Balance to the
Statement of Net Position and the Statement of Activities
For the Year Ended April 30, 2023*

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

Total Fund Balances - Total Governmental Funds	\$ 1,625,934
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation/amortization	27,212,780
Pension liabilities and deferred inflows/outflows are not reported in funds	(8,137,165)
Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position	<u>(88,628)</u>
Total Net Position - Governmental Activities	<u><u>\$ 20,612,921</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	\$ 577,751
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciation/amortization over their useful life. (amount shown is net of depreciation)	(960,082)
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.	129,686
Governmental funds do not record GASB 87 Right-of-use lease assets/liabilities; however the Statement of Activities records the expense of leases.	99,845
Governmental funds do not record GASB 68 pension liabilities; however the Statement of Activities records the expense of pensions.	(852,287)
Governmental funds do not accrue for compensated absences but the expenses are accrued for the Statement of Activities.	<u>21,681</u>
Changes in Net Position - Governmental Activities	<u><u>\$ (983,406)</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, 2023

	Assets	Waterworks Fund
Cash and equivalents, at cost		\$ 2,290,618
Accounts receivable, net of allowance		204,183
Capital assets, net of depreciation		9,420,521
Due from other funds		45,252
Total Assets		\$ 11,960,574
	Liabilities	
Accounts payable and accruals		\$ 75,437
Accrued payroll		5,840
Water deposits		14,901
Compensated absences - noncurrent		13,618
Total Liabilities		109,796
	Net Position	
Net investment in capital assets		9,420,521
Unrestricted		2,430,257
Total Net Position		11,850,778
Total Liabilities and Net Position		\$ 11,960,574

VILLAGE OF ISLAND LAKE

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

For the Year Ended April 30, 2023

	Revenues	Waterworks Fund
Water usage charges		\$ 1,508,550
Water meters		7,700
Inspection fees		4,470
Late fees and discounts		35,748
Total Revenues		1,556,468
	Expenses	
Administrative		432,495
Contractual		465,455
Commodities		191,195
Total Expenses		1,089,145
Operating Income (Loss) Before Depreciation/Amortization		467,323
Less: Depreciation and Amortization		353,957
Operating Income (Loss)		113,366
	Non-Operating Income (Expense)	
Interest income		1,254
Miscellaneous and other income		26,145
Grants		632,626
Total Non-operating Income/(Expense)		660,025
Net Income (Loss) Before Transfers		773,391
Operating Transfers		(31,645)
Capitalized connection fees		200,335
Net Position, Beginning of Year		10,908,697
Total Net Position		\$ 11,850,778

VILLAGE OF ISLAND LAKE

Proprietary Fund Type - Waterworks Fund

Statement of Cash Flows

For the Year Ended April 30, 2023

Cash Flows from Operating Activities	
Cash received from customers and users	\$ 1,556,468
Cash paid to suppliers	(736,516)
Cash paid for personnel	(432,495)
Net Cash Provided by Operating Activities	387,457
Cash Flows from Investing Activities	
Interest income	1,254
Net Cash Provided by Investing Activities	1,254
Cash Flows from Noncapital Financing Activities	
Grant income	632,626
Other income	26,145
Transfers to General Fund	(31,645)
Net Cash Provided by Noncapital Financing Activities	627,126
Cash Flows from Capital & Financing Activities	
Contributed connection fees	200,335
Capital asset additions	(664,962)
Debt payments	(5,071)
Net Cash Provided by Capital & Financing Activities	(469,698)
Net Increase/(Decrease) in Cash	546,139
Cash, beginning of year	1,744,479
Cash, end of year	\$ 2,290,618
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Net operating income (loss) for the year	\$ 113,366
Depreciation/amortization	353,957
(Increase) decrease in accounts receivable	(8,354)
Increase (decrease) in accounts payable	20,935
Increase (decrease) in accrued payroll	(832)
Increase (decrease) in deposits	(975)
Increase (decrease) compensated absences	(3,713)
Increase (decrease) unearned revenue	(86,927)
Net Cash Provided by Operating Activities	\$ 387,457

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, 2023

Assets

Cash and Cash Equivalents	\$ 120,354
Investments held in the Illinois Police Officers' Pension Investment Fund	3,149,363
Accrued Interest Receivable	410
Total Assets	\$ 3,270,127

Net Position

Held in Trust for Pension Benefits	\$ 3,270,127
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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, 2023

Additions

Contributions - employer	\$ 202,959
Contributions - plan members	144,045
Total Contributions	<u>347,004</u>

Investment Income

Interest earned	31,292
Net change in fair value	4,395
Total Investment Income	<u>35,687</u>

Less: Investment Expenses

Net Investment Income	<u>(8,160)</u>
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Total Additions	<u>374,531</u>
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Deductions

Benefits and Refunds:

Benefits	487,473
Professional services	40,495

Total Deductions	<u>527,968</u>
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Change in Net Position

(153,437)

Net Position Held in Trust for Pension Benefits

Net Position, Beginning of Year	3,423,564
Net Position, End of Year	<u>\$ 3,270,127</u>

NOTES TO THE BASIC
FINANCIAL STATEMENTS

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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). 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. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statement No. 14 and No. 34," 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. 61, 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 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.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 public safety, highway and street maintenance and reconstruction, culture and recreation, 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: net investment in capital assets; 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.

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.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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, if any, 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. 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, 2023

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. The Village has no Debt Service Fund in the current year.

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, 2023

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, 2023

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. 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, 2023

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 acquisition 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, 2023

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 acquisition 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, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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.

Unearned Revenues–

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 "net investment in capital assets."

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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 (except Garbage), and the enterprise 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 in relation to the relative appropriation ordinance as listed below.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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

<u>Fund</u>	<u>Final Appropriation</u>	<u>Actual Expenditures</u>
General	\$ 9,863,089	\$ 4,944,290
Motor Fuel Tax	1,059,430	451,579
Recreation	580,879	253,157
Garbage	-	3,340
Waterworks	3,971,992	1,474,747
Police Pension	-	536,128

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 Police Pension Fund are held separately from those of the Village. The Illinois Police Officers' Pension Investment Fund (IPOPIF) investment policy was originally adopted by the Board of Trustees on December 17, 2021. IPOPIF has the authority to invest trust fund assets in any type of security subject to the requirements and restrictions set forth in the Illinois Pension Code and is not restricted by the Pension Code sections that pertain exclusively to the Article 3 participating police pension funds. IPOPIF shall be subject to the provisions of the Illinois Pension Code including, but not limited to, utilization of emerging investment managers and utilization of businesses owned by minorities, women and persons with disabilities.

IPOPIF is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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

Act 101-0610 and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds as defined in 40 ILCS 5/22B-105. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory.

Investments of the plan are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual comprehensive report. For additional information on IPOPIF's investments, please refer to their annual report as of June 30, 2022. A copy of that report can be obtained from IPOPIF at 456 Fulton Street, Suite 402, Peoria, IL 61602 or at www.ipopif.org.

The Net Asset Value (NAV) of the plan's pooled investment in IPOPIF was \$3,149,363 at April 30, 2023. The pooled investments consist of the investments as noted in the target allocation table below. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at April 30, 2023. The plan may redeem shares with a seven-calendar-day notice. IPOPIF may, at its sole discretion, and based on circumstances, process redemption requests with fewer than a seven-calendar-day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 \$3,768,578 and the bank balances totaled \$3,848,208 at April 30, 2023. The Village has \$500,000 covered by FDIC insurance, \$1,507,031 collateralized, \$1,682,976 uncollateralized and \$158,201 of these balances invested in the Illinois Funds at April 30, 2023.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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

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, 2023, 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, 2023, the Village's investment in the Illinois Funds is rated AAA by Standard & Poor's.

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.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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

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 \$120,354 and the bank balances totaled \$120,354.

Police Pension Fund Investments –

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

	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
Illinois Police Officers' Pension Investment Fund	\$3,149,363	\$ 3,149,363	\$ -	\$ -	\$ -
	<u>\$3,149,363</u>	<u>\$ 3,149,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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 –

The Fund limits its exposure to credit risk, the risk that the issuers of a debt security will not pay its par value upon maturity, by primarily investing in money market mutual funds. The Fund's investment policy stresses the safety of principal, but does not specifically address credit risk. As of April 30, 2023, the money market mutual funds were not rated.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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

Custodial Credit Risk –

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. Flow-through FDIC insurance is available for the Fund's deposits with financial institutions. The Fund's investment policy requires pledging of collateral for its deposits in excess of federal depository insurance.

Property Taxes –

Property taxes for 2022 attach as an enforceable lien on January 1, 2023, 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, 2022 and September 1, 2022. 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, 2023

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 (As Restated)	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	11,561	-	726,625
Vehicles	1,292,036	-	-	1,292,036
Right of use asset	177,451	-	-	177,451
Infrastructure	40,445,312	-	-	40,445,312
	<u>43,648,326</u>	<u>11,561</u>	<u>-</u>	<u>43,659,887</u>
Less accumulated depreciation/amortization				
Land improvements	215,000	-	-	215,000
Buildings	437,221	20,133	-	457,354
Machinery and equipment	619,307	28,919	-	648,226
Vehicles	1,195,224	53,121	-	1,248,345
Right of use asset	-	80,660	-	80,660
Infrastructure	21,125,020	788,810	-	21,913,830
	<u>23,591,772</u>	<u>971,643</u>	<u>-</u>	<u>24,563,415</u>
Total net depreciable capital assets	<u>20,056,554</u>	<u>(960,082)</u>	<u>-</u>	<u>19,096,472</u>
Total net capital assets	<u>\$ 28,172,862</u>	<u>\$ (960,082)</u>	<u>\$ -</u>	<u>\$ 27,212,780</u>

Depreciation/amortization expense was charged to governmental activities as follows:

General Government	\$ 37,739
Public Safety	97,227
Highways and Streets	<u>836,677</u>
Governmental Depreciation/Amortization	<u>\$ 971,643</u>

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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	\$ 543,056	\$ -	\$ -	\$ 543,056
Vehicles	215,849	-	-	215,849
Water System/Infrastructure	13,585,669	1,123,735	-	14,709,404
Construction in progress	458,773	-	458,773	-
	<u>14,803,347</u>	<u>1,123,735</u>	<u>458,773</u>	<u>15,468,309</u>
Less accumulated depreciation				
Machinery and equipment	216,252	25,058	-	241,310
Vehicles	197,026	10,249	-	207,275
Water System/Infrastructure	5,280,553	318,650	-	5,599,203
	<u>5,693,831</u>	<u>353,957</u>	<u>-</u>	<u>6,047,788</u>
Total net capital assets	<u>\$ 9,109,516</u>	<u>\$ 769,778</u>	<u>\$ 458,773</u>	<u>\$ 9,420,521</u>

Depreciation expense of \$353,957 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	\$ 882,802
Waterworks	Garbage	45,252

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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 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	\$ 5,916	\$ -	\$ 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	\$ 12,292	\$ -	\$ 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	\$ 11,425	\$ -	\$ 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	\$ 21,075	\$ -	\$ 10,053	\$ 11,022
Totals		<u>\$ 50,708</u>	<u>\$ -</u>	<u>\$ 39,686</u>	<u>\$ 11,022</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	\$ 5,071	\$ -	\$ 5,071	\$ -
Totals		<u>\$ 5,071</u>	<u>\$ -</u>	<u>\$ 5,071</u>	<u>\$ -</u>

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

Bonds Payable –

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

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

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 (As Restated)	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities:					
Net pension liability	\$7,090,682	\$2,984,989	\$ -	\$10,075,671	\$ -
Compensated absences	156,801	135,120	156,801	135,120	135,120
ROU lease payable	177,451	-	99,845	77,606	61,126
Notes payable	50,708	-	39,686	11,022	8,765
Bonds payable	90,000	-	90,000	-	-
	\$7,565,642	\$3,120,109	\$ 386,332	\$10,299,419	\$ 205,011
Business-Type Activities:					
Compensated absences	\$ 17,331	\$ 13,618	\$ 17,331	\$ 13,618	\$ 13,618
Notes payable	5,071	-	5,071	-	-
	\$ 22,402	\$ 13,618	\$ 22,402	\$ 13,618	\$ 13,618

The General Fund makes payments on the net pension liability. Payments on the notes payable are made by the General and Waterworks Funds. The General 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, 2023

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, 2023:

Governmental activities

Capital assets - net of accumulated depreciation		\$27,212,780
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Less capital related debt:

Notes payable	\$(11,022)	
ROU lease payable	<u>(77,606)</u>	<u>(88,628)</u>

Net investment in capital assets		<u>\$27,124,152</u>
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Business-type activities

Capital assets - net of accumulated depreciation		\$ 9,420,521
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Less capital related debt:		<u>-</u>
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Net investment in capital assets		<u>\$ 9,420,521</u>
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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 unassigned 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, 2023

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	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Property tax levies:					
Audit	2,287	-	-	-	2,287
IMRF	114,798	-	-	-	114,798
Street & Bridge	18,938	-	-	-	18,938
Total Restricted	<u>136,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,023</u>
Unassigned	<u>1,781,315</u>	<u>(39,938)</u>	<u>(155,657)</u>	<u>(95,809)</u>	<u>1,489,911</u>
Total Fund Balances	<u>\$ 1,917,338</u>	<u>\$ (39,938)</u>	<u>\$ (155,657)</u>	<u>\$ (95,809)</u>	<u>\$ 1,625,934</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, 2023

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 -

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, 2023

NOTE 5 – RETIREMENT PLANS

VILLAGE RETIREMENT PLANS –

The Village participates in multiple retirement plans. Illinois Municipal Retirement Fund (IMRF) consists of two plans, the Regular Plan (RP) and the Sheriff’s Law Enforcement Plan (SLEP) for the Village. The Village also has a Police Pension Plan for its current members, which is included in the overall Village retirement set of plans.

PLAN DESCRIPTIONS, PROVISIONS AND FUNDING POLICIES – IMRF & SLEP

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 Annual Comprehensive 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)

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLANS (CONTINUED)

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:

- 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, 2022, the following employees were covered by the benefit terms:

	IMRF	IMRF - SLEP
Retirees and Beneficiaries currently receiving benefits	28	2
Inactive Plan Members entitled to but not yet receiving benefits	16	0
Active Plan Members	16	0
Total	<u>60</u>	<u>2</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 2022 was 11.48%. For the year ended April 30, 2023, the Village contributed \$134,540 to the plan. The Village's annual SLEP contribution rate for calendar year 2022 was 12.43%. For the year ended April 30, 2023, the Village contributed \$0 to the SLEP 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS -

The following are the methods and assumptions used to determine total pension liability at December 31, 2022:

- 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%.
- **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, 2022:

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 –RETIREMENT PLANS (CONTINUED)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	6.50%
International Equity	18.0%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternative Investments	9.5%	6.25-9.90%
Cash Equivalents	<u>1.0%</u>	4.00%
Total	100%	

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 4.05%, and the resulting single discount rate is 7.25%.

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLANS (CONTINUED)

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 - Regular Plan

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 10,162,930	\$ 9,279,519	\$ 8,538,481
Plan Fiduciary Net Position	8,023,225	8,023,225	8,023,225
Net Pension Liability/(Asset)	\$ 2,139,705	\$ 1,256,294	\$ 515,256

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

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 272,144	\$ 252,764	\$ 235,807
Plan Fiduciary Net Position	301,075	301,075	301,075
Net Pension Liability/(Asset)	\$ (28,931)	\$ (48,311)	\$ (65,268)

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLANS (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Regular Plan - Current Period Calendar Year Ended December 31, 2022

A. Total pension liability

1. Service Cost	\$	101,032
2. Interest on the Total Pension Liability		631,348
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		146,546
5. Changes of assumptions		-
6. Benefit payments, including refunds of employee contributions		(514,280)
7. Net change in total pension liability		364,646
8. Total pension liability – beginning		8,914,873
9. Total pension liability – ending	\$	9,279,519

B. Plan fiduciary net position

1. Contributions – employer	\$	134,540
2. Contributions – employee		49,706
3. Net investment income		(1,266,778)
4. Benefit payments, including refunds of employee contributions		(514,280)
5. Other (Net Transfer)		82,923
6. Net change in plan fiduciary net position		(1,513,889)
7. Plan fiduciary net position – beginning		9,537,114
8. Plan fiduciary net position – ending	\$	8,023,225

C. Net pension liability/(asset)

\$ 1,256,294

D. Plan fiduciary net position as a percentage

of the total pension liability 86.46%

E. Covered Valuation payroll

\$ 1,104,579

F. Net pension liability as a percentage

of covered valuation payroll 113.74%

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5—RETIREMENT PLANS (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - SLEP - Current Period Calendar Year Ended December 31, 2022

A. Total pension liability

1. Service Cost	\$ -
2. Interest on the Total Pension Liability	17,555
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	6,031
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	<u>(25,907)</u>
7. Net change in total pension liability	(2,321)
8. Total pension liability – beginning	<u>255,085</u>
9. Total pension liability – ending	<u><u>\$ 252,764</u></u>

B. Plan fiduciary net position

1. Contributions – employer	\$ -
2. Contributions – employee	-
3. Net investment income	(60,382)
4. Benefit payments, including refunds of employee contributions	(25,907)
5. Other (Net Transfer)	<u>4,410</u>
6. Net change in plan fiduciary net position	(81,879)
7. Plan fiduciary net position – beginning	<u>382,954</u>
8. Plan fiduciary net position – ending	<u><u>\$ 301,075</u></u>

C. Net pension liability/(asset)

\$ (48,311)

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

119.11%

E. Covered Valuation payroll

\$ -

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

0.00%

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 –RETIREMENT PLANS (CONTINUED)

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

For the period ended April 30, 2023, the Village recognized pension expense of \$204,334. At April 30, 2023, 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 -Regular Plan	Deferred Inflows of Resources -Regular Plan	Deferred Outflows of Resources - SLEP	Deferred Inflows of Resources - SLEP	Deferred Outflows of Resources - Total	Deferred Inflows of Resources - Total
<i>Deferred Amounts to be Recognized in Pensions Expense in Future Periods</i>						
Differences between expected and actual Changes in assumptions	\$ 134,257	\$ 8,535	\$ -	\$ -	\$ 134,257	\$ 8,535
	-	5,033	-	-	-	5,033
Net difference between projected and actual earnings on pension plan investments	715,892	-	27,546	-	743,438	-
Total Deferred Amounts to be recognized in pension expense in future periods	850,149	13,568	27,546	-	877,695	13,568
Pension Contributions Made Subsequent to the Measurement Date	56,753	-	-	-	56,753	-
Total Deferred Amounts Related to Pensions	\$ 906,902	\$ 13,568	\$ 27,546	\$ -	\$ 934,448	\$ 13,568

Pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. 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 April 30,	Net Deferred Outflows of Resources	Net Deferred Outflows of Resources - SLEP	Total
2024	\$ 50,761	\$ (3,647)	\$ 47,114
2025	164,888	4,276	169,164
2026	231,079	9,442	240,521
2027	389,853	17,475	407,328
2028	-	-	-
Thereafter	-	-	-
Total	\$ 836,581	\$ 27,546	\$ 864,127

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLANS (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate* for both, Regular Plan and SLEP

Valuation Date:

December 31, 2022

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 2022 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): 21-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 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; three employers were financed over 25 years; four employers were financed over 26 years and one employer was financed over 27 years).

Asset Valuation Method

5-Year smoothed market; 20% corridor

Wage growth

2.75%

Price Inflation

2.75%

Salary Increases

2.85% to 13.75% including inflation

Investment Rate of Return

7.25%

Retirement Age

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Mortality

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 unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes

There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLANS (CONTINUED)

PLAN DESCRIPTION – POLICE PENSION PLAN

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, 2023 was \$1,268,022.

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, 2023

NOTE 5 –RETIREMENT PLANS (CONTINUED)

Membership

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	9
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	14
Active Plan Members	<u>13</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	5.80%
Long-Term Expected Rate of Return on Plan Assets	6.50%
Inflation Rate Included	2.50%

SENSITIVITY OF THE DISCOUNT RATE –

	1% Decrease <u>4.80%</u>	Current Discount Rate 5.80%	1% Increase <u>6.80%</u>
Employer Net Pension Liability	\$ 10,791,833	\$ 8,867,688	\$ 7,318,666

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 –RETIREMENT PLANS (CONTINUED)

CHANGES IN NET PENSION LIABILITY -

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
Balances Beginning at 5/01/22	\$ 11,264,356	\$ 3,423,564	\$ 7,840,792
Changes for the year:			
Service Cost	\$ 326,371	\$ -	\$ 326,371
Interest	680,761	-	680,761
Actuarial Experience	16,636	-	16,636
Assumptions Changes	337,164	-	337,164
Contributions - Employer	-	221,343	(221,343)
Contributions - Employee	-	125,661	(125,661)
Net Investment Income	-	27,527	(27,527)
Benefit Payments, Including Refunds	(487,473)	(487,473)	-
Administrative Expense	-	(40,495)	40,495
Net Changes	873,459	(153,437)	1,026,896
Balances Ending at 4/30/23	\$ 12,137,815	\$ 3,270,127	\$ 8,867,688

PENSION EXPENSE, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES -

For the period ended April 30, 2023, the Village recognized pension expense of \$1,117,342. 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	\$ 395,574	\$ 2,448
Changes in Assumptions	956,917	487,472
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	290,175	-
Total	\$ 1,642,666	\$ 489,920

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLANS (CONTINUED)

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
2024	\$ 425,602
2025	392,764
2026	327,971
2027	22,117
2028	(15,708)
Thereafter	-
Total	<u>\$ 1,152,746</u>

RETIREMENT PLAN BALANCES

Below is aggregate information related to all of the pension plans in total reported by the Village as of and for the year ended April 30,

Total Retirement Plan Balances for the year Ended April 30, 2023

	IMRF	IMRF-SLEP	POLICE PENSION	Total
Total Pension Liability	\$ 9,279,519	\$ 252,764	\$ 12,137,815	\$ 21,670,098
Plan Fiduciary Net Position	8,023,225	301,075	3,270,127	11,594,427
Net Pension Liability	1,256,294	-	8,867,688	10,123,982
Net Pension Asset	-	48,311	-	48,311
Deferred Outflow	906,902	27,546	1,642,666	2,577,114
Deferred Inflow	13,568	-	489,920	503,488
Pension Expense	204,334	-	1,117,342	1,321,676

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 (\$2,577,114) reported are for pension related expenses to be recognized in the following year(s).

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2023

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

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 (\$503,488) reported for pension related revenues and (\$1,472,985) for property taxes to be received in the following year.

NOTE 7 – COMMITMENTS

LEASE:

The Village leases its police vehicle fleet under a lease agreement with Enterprise Fleet Management beginning in April 2020. The original term of each vehicle is 48 months, however new vehicles are added throughout the year as older vehicles are removed from service. Principal amounts for future payments are calculated to the net present value at 5% incremental borrowing rate over the life of the lease. The Right-of-Use (ROU) asset and lease liability have been included on the Statement of Financial Position at the net present value of future lease payments within the current lease contract due to the implementation of GASB 87. In the current year, beginning capital assets and lease liability balances are restated to equal \$177,451 in governmental activities. There is no impact on beginning net position.

Future minimum lease payments under the lease agreement are as follows:

Fiscal Year Ended Date	Principal	Interest	Total
4/30/2024	\$ 61,126	\$ 2,042	\$ 63,168
4/30/2025	16,480	253	\$ 16,733
TOTALS	\$ 77,606	\$ 2,295	\$ 79,901

NOTE 8 – 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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	\$ 101,032	\$ 103,260	\$ 122,809	\$ 119,592	\$ 109,470	\$ 120,567	\$ 112,915	\$ 108,309		
Interest on the Total Pension Liability	631,348	605,973	594,597	567,663	543,160	534,601	512,146	485,887		
Benefit Changes	-	-	-	-	-	-	-	-		
Difference between Expected and Actual Experience	146,546	144,332	(62,361)	81,323	102,606	34,683	(18,651)	50,490		
Assumption Changes	-	-	(36,773)	-	201,480	(216,699)	(22,906)	16,116		
Benefit Payments and Refunds	(514,280)	(490,622)	(412,541)	(384,831)	(363,323)	(343,648)	(287,071)	(301,341)		
Net Change in Total Pension Liability	364,646	362,943	205,731	383,747	593,393	129,504	296,433	359,461		
Total Pension Liability - Beginning	8,914,873	8,551,930	8,346,199	7,962,452	7,369,059	7,239,555	6,943,122	6,583,661		
Total Pension Liability - Ending (a)	\$ 9,279,519	\$ 8,914,873	\$ 8,551,930	\$ 8,346,199	\$ 7,962,452	\$ 7,369,059	\$ 7,239,555	\$ 6,943,122		
Plan Fiduciary Net Position										
Employer Contributions	\$ 134,540	\$ 140,720	\$ 135,101	\$ 125,445	\$ 139,865	\$ 143,863	\$ 148,895	\$ 138,667		
Employee Contributions	49,706	48,376	49,427	55,398	52,802	51,999	49,267	45,264		
Pension Plan Net Investment Income	(1,266,778)	1,396,639	1,085,895	1,220,224	(366,499)	1,074,115	402,822	29,082		
Benefit Payments and Refunds	(514,280)	(490,622)	(412,541)	(384,831)	(363,323)	(343,648)	(287,071)	(301,341)		
Other	82,923	(45,886)	57,359	(66,091)	138,168	(102,210)	31,957	64,774		
Net Change in Plan Fiduciary Net Position	(1,513,889)	1,049,227	915,241	950,145	(398,987)	824,119	345,870	(23,554)		
Plan Fiduciary Net Position - Beginning	9,537,114	8,487,887	7,572,646	6,622,501	7,021,488	6,197,369	5,851,499	5,875,053		
Plan Fiduciary Net Position - Ending (b)	\$ 8,023,225	\$ 9,537,114	\$ 8,487,887	\$ 7,572,646	\$ 6,622,501	\$ 7,021,488	\$ 6,197,369	\$ 5,851,499		
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 1,256,294	\$ (622,241)	\$ 64,043	\$ 773,553	\$ 1,339,951	\$ 347,571	\$ 1,042,186	\$ 1,091,623		
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.46%	106.98%	99.25%	90.73%	83.17%	95.28%	85.60%	84.28%		
Covered Valuation Payroll	\$ 1,104,579	\$ 1,075,015	\$ 1,098,376	\$ 1,231,059	\$ 1,173,370	\$ 1,155,527	\$ 1,094,814	\$ 1,005,863		
Net Pension Liability as a Percentage of Covered Valuation Payroll	113.74%	-57.88%	5.83%	62.84%	114.20%	30.08%	95.19%	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	\$ 148,895	\$ 148,895	\$ -	\$ 1,094,814	13.60%
2017	\$ 143,863	\$ 143,863	\$ -	\$ 1,155,527	12.45%
2018	\$ 139,866	\$ 139,865	\$ 1	\$ 1,173,370	11.92%
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%
2022	\$ 126,806 *	\$ 134,540	\$ (7,734)	\$ 1,104,579	12.18%

* Estimated based on a contribution rate of 11.48% and covered valuation payroll of \$1,104,579.

VILLAGE OF ISLAND LAKE, ILLINOIS

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

Last 10 Calendar Years

(schedule to be built prospectively from 2015)

Calendar Year Ending	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ 8,185	\$ 8,506	\$ 15,898	\$ 13,870		
Interest on the Total Pension Liability	17,555	17,718	19,473	20,134	23,214	21,899	19,957	5,711		
Benefit Changes	-	-	-	-	-	-	-	-		
Difference between Expected and Actual Experience	6,031	5,623	(11,064)	5,128	(38,214)	16,950	7,244	181,133		
Assumption Changes	-	-	2,478	-	5,067	(8,855)	-	-		
Benefit Payments and Refunds	(25,907)	(25,277)	(44,930)	(23,809)	(28,124)	(13,500)	(13,517)	(10,059)		
Net Change in Total Pension Liability	(2,321)	(1,936)	(34,043)	1,453	(29,872)	25,000	29,582	190,655		
Total Pension Liability - Beginning	255,085	257,021	291,064	289,611	319,483	294,483	264,901	74,246		
Total Pension Liability - Ending (a)	\$ 252,764	\$ 255,085	\$ 257,021	\$ 291,064	\$ 289,611	\$ 319,483	\$ 294,483	\$ 264,901		
Plan Fiduciary Net Position										
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ 11,339	\$ 14,669	\$ 7,447	\$ 4,247		
Employee Contributions	-	-	-	-	6,380	6,762	6,571	4,914		
Pension Plan Net Investment Income	(60,382)	64,073	48,890	60,871	(17,851)	45,286	16,943	733		
Benefit Payments and Refunds	(25,907)	(25,277)	(44,930)	(23,809)	(28,124)	(13,500)	(13,517)	(10,059)		
Other	4,410	3,129	(6,793)	3,653	13,598	4,212	512	95,495		
Net Change in Plan Fiduciary Net Position	(81,879)	41,925	(2,833)	40,715	(14,658)	57,429	17,956	95,330		
Plan Fiduciary Net Position - Beginning	382,954	341,029	343,862	303,147	317,805	260,376	242,420	147,090		
Plan Fiduciary Net Position - Ending (b)	\$ 301,075	\$ 382,954	\$ 341,029	\$ 343,862	\$ 303,147	\$ 317,805	\$ 260,376	\$ 242,420		
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (48,311)	\$ (127,869)	\$ (84,008)	\$ (52,798)	\$ (13,536)	\$ 1,678	\$ 34,107	\$ 22,481		
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	119.11%	150.13%	132.69%	118.14%	104.67%	99.47%	88.42%	91.51%		
Covered Valuation Payroll	\$ -	\$ -	\$ -	\$ -	\$ 85,066	\$ 90,161	\$ 87,615	\$ 65,526		
Net Pension Liability as a Percentage of Covered Valuation Payroll	0.00%	0.00%	0.00%	0.00%	-15.91%	1.86%	38.93%	34.31%		

VILLAGE OF ISLAND LAKE, ILLINOIS

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

(schedule to be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 4,305	\$ 4,247	\$ 58	\$ 65,526	6.48%
2016	\$ 7,447	\$ 7,447	\$ -	\$ 87,615	8.50%
2017	\$ 14,669	\$ 14,669	\$ -	\$ 90,161	16.27%
2018	\$ 11,339	\$ 11,339	\$ -	\$ 85,066	0.00%
2019	\$ -	\$ -	\$ -	\$ -	0.00%
2020	\$ -	\$ -	\$ -	\$ -	0.00%
2021	\$ -	\$ -	\$ -	\$ -	0.00%
2022	\$ - *	\$ -	\$ -	\$ -	0.00%

* Estimated based on a contribution rate of 12.43% and covered valuation payroll of \$0.

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$326,371	\$324,766	\$284,151	\$230,032	\$225,345	\$264,016	\$230,454	\$231,320	\$239,570	
Interest on the Total Pension Liability	680,761	637,453	625,754	578,020	513,891	503,981	501,205	444,791	406,711	
Benefit Changes	-	-	-	106,617	-	-	-	-	-	
Difference between Expected and Actual Experience	16,636	136,139	(4,896)	281,040	574,074	106,397	(337,970)	141,823	(267,419)	
Assumption Changes	337,164	(658,864)	1,159,940	(39,335)	335,923	(239,408)	356,975	370,848	475,748	
Benefit Payments and Refunds	(487,473)	(508,761)	(506,453)	(507,780)	(431,114)	(432,210)	(410,205)	(355,519)	(265,712)	
Net Change in Total Pension Liability	873,459	(69,267)	1,558,496	648,594	1,218,119	202,776	340,459	833,263	588,898	
Total Pension Liability - Beginning	11,264,356	11,333,623	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)	12,137,815	11,264,356	\$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	221,343	218,845	193,532	194,946	200,671	243,401	278,353	249,889	244,810	
Employee Contributions	125,661	122,462	112,868	110,937	90,382	83,915	90,071	131,357	171,675	
Pension Plan Net Investment Income	27,527	(154,720)	544,265	65,246	188,268	170,037	212,493	12,427	135,943	
Benefit Payments and Refunds	(487,473)	(508,761)	(506,453)	(507,780)	(431,114)	(432,210)	(410,205)	(355,519)	(265,712)	
Other	(40,495)	(40,993)	(29,808)	(44,345)	(45,139)	(22,218)	(16,469)	(15,360)	(21,921)	
Net Change in Plan Fiduciary Net Position	(153,437)	(363,167)	314,404	(180,996)	3,068	42,925	154,243	22,794	264,795	
Plan Fiduciary Net Position - Beginning	\$3,423,564	\$3,786,731	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)	\$3,270,127	\$3,423,564	\$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)	8,867,688	7,840,792	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	26.94%	30.39%	33.41%	35.52%	40.03%	46.16%	46.81%	46.88%	52.52%	
Covered Valuation Payroll	\$1,268,022	\$1,235,742	\$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	699.33%	634.50%	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%
2023	\$ 628,616	\$ 221,343	\$ 407,273	\$ 1,268,022	17.46%

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, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Revenue			
Property taxes	\$ 1,194,764	\$ 1,194,764	\$ 1,430,276
Intergovernmental revenue	2,688,100	2,688,100	2,873,225
Utility taxes	386,000	386,000	433,982
Fines	159,025	159,025	156,557
Licenses, fees, permits, taxes	472,369	472,369	588,987
Grants and donations	597,500	597,500	9,562
Miscellaneous and other income	7,750	7,750	68,348
Interest income	135	135	3,804
Total Revenue	5,505,643	5,505,643	5,564,741
Administrative Personnel			
Administrative salaries	327,240	327,240	257,221
Elected officials	66,825	66,825	42,483
Overtime	10,820	10,820	884
Zoning board of appeals	1,725	1,725	210
Retirement contribution	68,983	68,983	54,194
Part-time salaries	15,600	15,600	16,615
Total Personnel	491,193	491,193	371,607
Contractual Service			
Health and life insurance	80,442	80,442	56,640
Maintenance - equipment	12,000	12,000	2,427
Engineering services	43,000	43,000	53,606
Medical	400	400	-
Legal services	130,000	130,000	106,190
Data processing	136,600	136,600	63,922
Other professional services	74,000	74,000	53,284
Postage	8,000	8,000	10,455
Telephone	7,867	7,867	4,086
Publishing	4,500	4,500	418
Dues and subscriptions	14,000	14,000	6,322
Travel and meetings	760	760	622
Training	2,500	2,500	1,157

continued

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Contractual Service (Continued)			
General insurance	\$ 400	\$ 400	\$ 170
Rentals	3,800	3,800	-
Forms and printing	6,000	6,000	6,995
Bank charges	1,800	1,800	1,459
Total Contractual Services	526,069	526,069	367,753
Commodities			
Office supplies	6,400	6,400	4,291
Gasoline and oil	3,300	3,300	320
Operating supplies	3,100	3,100	2,425
Vehicle maintenance supplies	100	100	423
Total Commodities	12,900	12,900	7,459
Other Expenditures			
Community relations	6,000	6,000	3,530
Miscellaneous expenses	1,000	1,000	452
Total Other Expenditures	7,000	7,000	3,982
Debt Service			
Bond payment - principal	-	-	90,000
Bond payment - interest	-	-	1,440
Total Debt Service	-	-	91,440
Total Administrative Expenditures	1,037,162	1,037,162	842,241
Building and Grounds			
Personnel			
Salaries - personnel	39,600	39,600	19,091
Retirement contribution	3,429	3,429	3,533
Total Personnel	43,029	43,029	22,624

continued

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Contractual Services			
Maintenance - building	\$ 360,000	\$ 360,000	\$ 9,837
Maintenance - equipment	24,000	24,000	1,968
Maintenance - grounds	30,000	30,000	13,527
Lake/weed spraying	8,000	8,000	-
Uniforms	1,100	1,100	217
Tree removal	10,000	10,000	-
Sewer fees	3,000	3,000	1,644
Rentals	-	-	635
Total Contractual Services	436,100	436,100	27,828
Commodities			
Operating supplies	1,200	1,200	327
Janitorial supplies	5,200	5,200	1,675
Building maintenance supplies	20,000	20,000	10,900
Miscellaneous other expenditures	-	-	-
Total Commodities	26,400	26,400	12,902
Total Building and Grounds	505,529	505,529	63,354
Fire and Police Commission			
Contractual Services			
Fire and police commission salaries	1,950	1,950	120
Other professional services	400	400	-
Dues	1,500	1,500	524
Total Contractual Services	3,850	3,850	644
Total Fire and Police Commission	3,850	3,850	644
Emergency Management			
Communications	5,000	5,000	3,689
Small tools	-	-	327
Maintenance - Equipment	-	-	756
Miscellaneous expense	-	-	35
Total Emergency Management	5,000	5,000	4,807

continued

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Total General Expenditures	<u>\$ 1,551,541</u>	<u>\$ 1,551,541</u>	<u>\$ 911,046</u>
Lake Management Committee			
Contractual Services			
Personnel services	5,400	5,400	3,000
Other professional services	28,200	28,200	23,935
Miscellaneous expense	1,200	1,200	1,336
Maintenance - equipment	1,000	1,000	600
Maintenance - other	1,000	1,000	-
Utilities	19,500	19,500	53
Testing Beach Water	3,986	3,986	-
Fish Management	6,000	6,000	496
Signs & Poles	600	600	-
Grant Expenses	-	-	10,350
Miscellaneous expense	-	-	613
Lake and weed maintenance	124,000	124,000	63,468
Total Contractual Services	<u>190,886</u>	<u>190,886</u>	<u>103,851</u>
Commodities			
Operating supplies	-	-	738
Total Commodities	<u>-</u>	<u>-</u>	<u>738</u>
Capital Outlay			
Equipment	24,000	24,000	11,561
Improvements	24,000	24,000	-
Total Capital Outlay	<u>48,000</u>	<u>48,000</u>	<u>11,561</u>
Total Lake Management Committee	<u>238,886</u>	<u>238,886</u>	<u>116,150</u>
Tort Immunity (Liability)			
Unemployment/liability insurance	773,803	773,803	314,147
Total Tort Immunity (Liability)	<u>773,803</u>	<u>773,803</u>	<u>314,147</u>

continued

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Audit			
Accounting services	\$ 30,000	\$ 30,000	\$ 20,000
Total Audit	30,000	30,000	20,000
Police Protection			
Personnel Services			
Employee salaries	2,944,587	2,944,587	1,441,793
Overtime	317,030	317,030	219,264
Sick-time, vacation buy back	1,350	1,350	2,780
Part-time salary	37,125	37,125	14,638
FTO and OIC pay	21,000	21,000	14,178
Retirement contribution	182,159	182,159	132,438
Health and life insurance	269,778	269,778	198,998
Total Personnel Services	3,773,029	3,773,029	2,024,089
Contractual Services			
Maintenance - equipment	13,000	13,000	2,802
Maintenance - vehicles	10,000	10,000	3,327
Maintenance - other	5,000	5,000	2,415
Legal services	120,000	120,000	63,325
Employer contributions	-	-	202,959
Telephone	26,304	26,304	10,976
Medical services	500	500	-
Other communications	200	200	-
Dues and subscriptions	25,000	25,000	14,765
Training	80,000	80,000	9,807
Data processing services	6,000	6,000	2,041
Other professional services	310,000	310,000	167,809
Postage	2,500	2,500	610
Publications	500	500	194
Forms and printing	1,500	1,500	-
Travel expenses	1,000	1,000	-

continued

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Contractual Services (Continued)			
Armory	\$ 35,000	\$ 35,000	\$ 7,848
Evidence files	5,000	5,000	1,886
Total Contractual Services	641,504	641,504	490,764
Commodities			
Office supplies	20,000	20,000	3,908
Gasoline and oil	150,000	150,000	49,378
Operating supplies	15,000	15,000	10,191
Uniforms	32,000	32,000	17,386
Vehicle maintenance supplies	7,500	7,500	11,016
Animal control	1,000	1,000	150
Miscellaneous expense	1,000	1,000	11,726
Total Commodities	226,500	226,500	103,755
Capital Outlay			
Equipment	60,000	60,000	15,203
Vehicles	-	-	12,528
Vehicle lease	244,400	244,400	99,845
Total Capital Outlay	304,400	304,400	127,576
Total Police Protection	4,945,433	4,945,433	2,746,184
Street and Bridge			
Personnel Services			
Employee salaries	527,278	527,278	382,693
Overtime	24,750	24,750	16,186
Part-time salary	88,400	88,400	58,134
Retirement contribution	156,194	156,194	80,762
Health and life insurance	324,763	324,763	127,580
Total Personnel Services	1,121,385	1,121,385	665,355

continued

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Contractual Services			
Maintenance - equipment	\$ 25,200	\$ 25,200	\$ 11,151
Maintenance - streets	18,000	18,000	6,335
Maintenance - vehicles	27,000	27,000	3,434
Storm tracking	2,000	2,000	1,000
Telephone	4,316	4,316	7,197
Other communications	-	-	1,663
Other professional services	57,225	57,225	8,203
Dues and subscriptions	3,400	3,400	370
Training	2,400	2,400	676
Utilities	300	300	15
Rental	17,000	17,000	709
Total Contractual Services	156,841	156,841	40,753
Commodities			
Office supplies	1,000	1,000	541
Gasoline and oil	75,000	75,000	29,298
Operating supplies	22,000	22,000	5,167
Small tools	7,000	7,000	856
Signs and poles	12,000	12,000	3,946
Uniforms	11,200	11,200	1,598
Street lighting	20,000	20,000	3,551
Miscellaneous	1,000	1,000	576
Storm sewer supplies	5,000	5,000	-
Refuse disposal	70,000	70,000	12,081
Vehicle maintenance supplies	44,000	44,000	24,821
Street maintenance supplies	20,000	20,000	2,149
Total Commodities	288,200	288,200	84,584
Capital Outlay			
Equipment	28,000	28,000	3,900
Vehicles	108,000	108,000	27,158
Total Capital Outlay	136,000	136,000	31,058
Total Street and Bridge	1,702,426	1,702,426	821,750

continued

VILLAGE OF ISLAND LAKE

General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Appropriations and Actual
For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Parks			
Contractual Services			
Maintenance - equipment	\$ 6,000	\$ 6,000	\$ -
Maintenance - building	260,000	260,000	12,742
Maintenance - grounds	352,000	352,000	2,271
Maintenance - other	-	-	-
Total Contractual Services	<u>618,000</u>	<u>618,000</u>	<u>15,013</u>
Commodities			
Maintenance - supplies	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Commodities	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Parks	<u>621,000</u>	<u>621,000</u>	<u>15,013</u>
Total General Fund	<u>\$ 9,863,089</u>	<u>\$ 9,863,089</u>	<u>\$ 4,944,290</u>
Excess (deficiency) of revenues over expenditures	\$ (4,357,446)	\$ (4,357,446)	\$ 620,451
Other Financing Sources (Uses)			
Transfers in (out)	100,000	100,000	31,645
Sale of capital assets	-	-	2,150
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>33,795</u>
Net Change in Fund Balance	<u>\$ (4,257,446)</u>	<u>\$ (4,357,446)</u>	654,246
Fund Balance			
Balance, Beginning of Year			<u>1,263,092</u>
Total Fund Balance, End of Year			<u>\$ 1,917,338</u>
			<i>concluded</i>

VILLAGE OF ISLAND LAKE

Recreation Fund - Statement of Revenues, Expenditures and Changes in Fund Balance -
 Appropriations and Actual
 For the Year Ended April 30, 2023

Revenue	Appropriations		Modified
	Original	Final	Accrual Basis
Classes	\$ 2,000	\$ 2,000	\$ 773
Creative playtime	103,770	103,770	-
Summer camp	65,000	65,000	34,680
Club fees	70,000	70,000	104,831
Grants, donations and fundraisers	1,500	1,500	3,762
Miscellaneous and other income	13,130	13,130	70,342
Total Revenue	255,400	255,400	214,388
Expenditures			
Personnel Services			
General administrative salaries	57,290	57,290	82,909
Events salaries	10,200	10,200	-
Creative playtime salaries	137,243	137,243	43,306
Club salaries	82,228	82,228	1,345
IMRF	12,566	12,566	7,153
Social security tax	17,792	17,792	7,937
Medicare tax	4,162	4,162	1,856
Total Personnel Services	321,481	321,481	144,506
Contractual Services			
Health insurance	37,667	37,667	18,374
Telephone	3,806	3,806	1,187
Maintenance - equipment	6,000	6,000	1,316
Maintenance - vehicles	9,000	9,000	5,602
Maintenance - building	-	-	685
Data processing	2,000	2,000	968
Field trips	12,500	12,500	-
Lakefest	68,000	68,000	36,010
Fireworks	38,000	38,000	10,597
Concerts in the park	8,000	8,000	3,431
Other events	47,000	47,000	22,469

continued

VILLAGE OF ISLAND LAKE

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

For the Year Ended April 30, 2023

	Appropriations		Modified
	Original	Final	Accrual Basis
Contractual Services (concluded)			
Training	\$ 2,500	\$ 2,500	\$ -
Publishing	600	600	-
Total Contractual Services	<u>235,073</u>	<u>235,073</u>	<u>100,639</u>
Commodities			
Recreation supplies	1,000	1,000	107
Office supplies	1,600	1,600	200
Fund raising specials	1,400	1,400	-
Operating supplies	14,000	14,000	5,748
Craft fair	4,000	4,000	(2,939)
Gas & oil	1,725	1,725	189
Miscellaneous expenditures	600	600	4,707
Total Commodities	<u>24,325</u>	<u>24,325</u>	<u>8,012</u>
Total Expenditures	<u>580,879</u>	<u>580,879</u>	<u>253,157</u>
Net Change in Fund Balance	<u>\$ (325,479)</u>	<u>\$ (325,479)</u>	(38,769)
Fund Balance			
Balance, Beginning of Year			(116,888)
Total Fund Balance, End of Year			<u>\$ (155,657)</u>
			<i>concluded</i>

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, 2023*

	Appropriations		Modified
	Original	Final	Accrual Basis
Revenue			
Allotments	\$ 500,000	\$ 500,000	\$ 416,285
Interest income	250	250	908
Total Revenue	<u>500,250</u>	<u>500,250</u>	<u>417,193</u>
Expenditures			
Maintenance streets	718,110	718,110	306,600
Street lighting	166,320	166,320	79,604
Bank charges	-	-	5
Materials and supplies	75,000	75,000	65,370
Total Expenditures	<u>959,430</u>	<u>959,430</u>	<u>451,579</u>
Operational transfers in/(out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (459,180)</u>	<u>\$ (459,180)</u>	(34,386)
Fund Balance			
Balance, Beginning of Year			<u>(61,423)</u>
Total Fund Balance, End of Year			<u>\$ (95,809)</u>

NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION

VILLAGE OF ISLAND LAKE, ILLINOIS

Notes to Required Supplementary Information
Year Ended April 30, 2023

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 asset 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 28, 2022.
- 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, 2023

	Appropriations		Accrual
	Original	Final	Basis
Personnel Services			
Salaries	\$ 415,451	\$ 415,451	\$ 252,772
Overtime	29,624	29,624	22,937
Health and life insurance	123,188	123,188	103,701
Social security	34,344	34,344	17,376
Medicare	8,032	8,032	4,064
IMRF	65,256	65,256	31,645
Total Personnel Services	675,895	675,895	432,495
Contractual Services			
Maintenance - building	20,000	20,000	696
Maintenance - equipment	550,000	550,000	72,142
Maintenance - water distribution system	30,000	30,000	41,179
Maintenance - vehicles	8,000	8,000	4,147
Maintenance - grounds	12,000	12,000	2,518
Engineering services	66,000	66,000	79,079
Data processing	16,000	16,000	-
Other professional services	129,600	129,600	43,550
Postage	13,400	13,400	2,638
Telephone	7,518	7,518	4,481
Publishing	2,000	2,000	384
Dues and subscriptions	5,700	5,700	872
Training	2,000	2,000	3,923
Utilities	360,000	360,000	111,014
Liability insurance	322,500	322,500	92,581
Rentals	200	200	-
Forms and printing	13,050	13,050	6,237
Bank charges	1,120	1,120	14
Total Contractual Services	1,559,088	1,559,088	465,455

continued

VILLAGE OF ISLAND LAKE

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

For the Year Ended April 30, 2023

Expenditures (concluded)	Appropriations		Accrual
	Original	Final	Basis
Commodities			
Office supplies	\$ 500	\$ 500	\$ -
Gasoline and oil	22,500	22,500	8,599
Operating supplies	4,200	4,200	2,544
Small tools and minor equipment	11,200	11,200	5,347
Chemicals	160,000	160,000	94,031
Uniforms	8,000	8,000	697
Miscellaneous	-	-	125
Vehicle maintenance supplies	3,800	3,800	800
Building and grounds maintenance supplies	57,000	57,000	13,620
Water distribution supplies	33,000	33,000	24,086
Water meters	100,000	100,000	41,346
Total Commodities	400,200	400,200	191,195
Capital Outlay			
Equipment	27,000	27,000	-
Vehicles	38,400	38,400	-
Construction (contracted)	947,249	947,249	-
Depreciation	-	-	353,957
Total Capital Outlay	1,012,649	1,012,649	353,957
Operational transfers in/(out)	324,160	324,160	(31,645)
Total Waterworks Operating Fund	\$ 3,971,992	\$ 3,971,992	\$ 1,474,747
			<i>concluded</i>

VILLAGE OF ISLAND LAKE

Property Tax Extension Rates

For the Year Ended April 30, 2023

Tax Levy Year Assessed Valuation	2022	2021	2020
Lake County	\$ 95,787,130	\$ 90,690,453	\$ 86,570,998
McHenry County	119,083,749	110,987,572	108,176,566
Totals	<u>\$ 214,870,879</u>	<u>\$ 201,678,025</u>	<u>\$ 194,747,564</u>

Tax Rates and Percentages - Allocated by Fund

Lake County	Rate	Percentage	Rate	Percentage	Rate	Percentage
General	0.317161	47.35%	0.320212	47.27%	0.321513	47.12%
Social Security	0.072742	10.86%	0.073717	10.88%	0.074483	10.91%
Police Protection	0.075168	11.23%	0.076174	11.25%	0.076966	11.28%
Audit	0.008488	1.27%	0.008601	1.27%	0.008690	1.27%
Tort Immunity	0.053346	7.97%	0.054060	7.98%	0.054621	8.00%
IMRF	0.043298	6.47%	0.043877	6.48%	0.044333	6.50%
Police Pension	0.099415	14.85%	0.100745	14.87%	0.101793	14.92%
Totals	<u>0.669618</u>	<u>100.00%</u>	<u>0.677386</u>	<u>100.00%</u>	<u>0.682399</u>	<u>100.00%</u>
McHenry County						
General	0.312524	46.15%	0.336839	48.80%	0.313918	46.08%
Social Security	0.075271	11.11%	0.072969	10.57%	0.075808	11.13%
Police Protection	0.077781	11.49%	0.075402	10.92%	0.078335	11.50%
Audit	0.008783	1.30%	0.008514	1.23%	0.008845	1.30%
Tort Immunity	0.055201	8.15%	0.053512	7.75%	0.055594	8.16%
IMRF	0.044803	6.62%	0.043432	6.29%	0.045122	6.62%
Police Pension	0.102872	15.19%	0.099723	14.44%	0.103604	15.21%
Totals	<u>0.677235</u>	<u>100.00%</u>	<u>0.690391</u>	<u>100.00%</u>	<u>0.681226</u>	<u>100.00%</u>

VILLAGE OF ISLAND LAKE

Property Tax Extensions

For the Year Ended April 30, 2023

Levy Year County	Property Tax Rates (per \$100 of assessed valuation)								
	2022			2021			2020		
	Lake	McHenry	Total	Lake	McHenry	Total	Lake	McHenry	Total
Assessed Valuation	\$ 95,787,130	\$ 119,083,749	\$ 214,870,879	\$ 90,690,453	\$ 110,987,572	\$ 201,678,025	\$ 86,570,998	\$ 108,176,566	\$ 194,747,564
Fund Extension									
General	\$ 303,799	\$ 372,165	\$ 675,965	\$ 290,402	\$ 373,849	\$ 664,251	\$ 278,337	\$ 353,999	\$ 632,336
Social Security	69,677	89,636	159,313	66,854	80,987	147,841	64,481	82,007	146,488
Police Protection	72,001	92,625	164,626	69,083	83,687	152,770	66,630	84,740	151,370
Audit	8,130	10,459	18,590	7,800	9,449	17,249	7,523	9,568	17,091
Tort Immunity	51,099	65,735	116,834	49,027	59,392	108,419	47,286	60,140	107,426
IMRF	41,474	53,353	94,827	39,792	48,204	87,996	38,380	48,811	87,191
Police Pension	95,227	122,504	217,731	91,366	110,680	202,046	88,123	112,075	200,198
Total Funds	\$ 641,408	\$ 806,477	\$ 1,447,885	\$ 614,324	\$ 766,248	\$ 1,380,572	\$ 590,760	\$ 751,340	\$ 1,342,100