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LAKE IN THE HILLS SANITARY
DISTRICT, IL

Annual Financial Report
For the Year Ended April 30, 2019

LAKE IN THE HILLS SANITARY DISTRICT

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Year Ended April 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the President
and Members of the Board of Trustees
Lake In The Hills Sanitary District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake In The Hills Sanitary District, Illinois as of and for the year ended April 30, 2019, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake In The Hills Sanitary District, Illinois as of April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

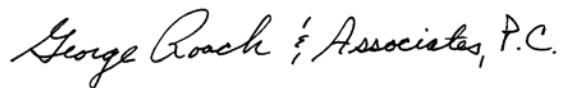
Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise Lake In The Hills Sanitary District, Illinois' financial statements as a whole. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.



George Roach & Associates, P.C.
Crystal Lake, Illinois
August 6, 2019

REQUIRED SUPPLEMENTARY INFORMATION –
MANAGEMENT DISCUSSION AND ANALYSIS -
UNAUDITED

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED APRIL 30, 2019

As management of the Lake In The Hills Sanitary District (District), we offer readers of the District's statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended April 30, 2019.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at April 30, 2019 by \$45,771,290 (net position).
- The District's total net position decreased by \$297,235. Comprised of (\$390,835) from activities and \$93,600 from contributed capital.
- At April 30, 2019, the District's governmental funds reported combined ending fund balances of \$1,286,257, an increase of \$8,298 in comparison with the prior year.
- At April 30, 2019, the fund balance for the General Fund was \$884,389.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 District's finances, in a manner similar to a private-sector business.

The Statement of Net Position

Accrual Basis presents information on all of the District's assets, deferred outflows along with liabilities, and deferred inflows 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 District is improving or deteriorating.

The Statement of Activities

Accrual Basis presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis.

The government-wide financial statements show functions of the District that are principally supported by taxes, fees, and other revenues (governmental activities). The District does conduct functions intended to recover all or a significant portion of their costs through user fees

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
YEAR ENDED APRIL 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

and charges (business-type activities). The governmental activities of the District include providing general governmental administrative services. The District conducts business-type activities by providing wastewater treatment to residences within their planning area.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 District's near-term financing decisions. Both the governmental fund Balance Sheet — Modified Accrual Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances — Modified Accrual Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds. The General Fund is used to account for funds received from general property taxes and other general revenue, and to account for expenditures made for general District purposes. The Other Special Revenue Funds are used to account for funds received from taxes and fees and to account for expenditures made for specific governmental purposes.

Information is presented separately in the governmental fund Balance Sheet - Modified Accrual Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances — Modified Accrual Basis for the General Fund and the Special Revenue Fund.

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.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
YEAR ENDED APRIL 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Other information

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

The District adopts an annual budget and appropriation ordinance that includes both the governmental and proprietary funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the adopted budget and appropriation ordinance.

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 District, assets and deferred outflows exceeded liabilities and deferred inflows by \$45,773,100 at April 30, 2019. The largest portion of the District's net position reflects its investment in capital assets (e.g., land, land improvements, buildings, furniture and equipment, computer equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District'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.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED APRIL 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Lake In The Hills Sanitary District - Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019
Current and Other Assets	\$ 1,904,814	\$ 1,949,995	\$ 7,638,311	\$ 5,853,626	\$ 9,543,125	\$ 7,803,621
Due from Other Funds	-	-	-	1,810	-	1,810
Capital Assets	-	-	42,517,890	44,077,052	42,517,890	44,077,052
Total Assets	\$ 1,904,814	\$ 1,949,995	\$ 50,156,201	\$ 49,932,488	\$ 52,061,015	\$ 51,882,483
Deferred Outflows	\$ 92,797	\$ 305,697	\$ -	\$ -	\$ 92,797	\$ 305,697
Current and Other Liabilities	\$ 14,054	\$ 34,570	\$ 474,791	\$ 595,882	\$ 488,845	\$ 630,452
Due to Other Funds	-	1,810	-	-	-	1,810
Long-Term Liabilities Outstanding	655,166	1,037,310	4,328,475	4,119,960	4,983,641	5,157,270
Total Liabilities	669,220	1,073,690	4,803,266	4,715,842	5,472,486	5,789,532
Deferred Inflows	612,801	627,358	-	-	612,801	627,358
Net Position						
Net Investment in Capital Assets	-	-	38,047,890	39,807,052	38,047,890	39,807,052
Restricted - Net Position	389,070	401,868	-	-	389,070	401,868
Unrestricted - Net Position	326,520	152,776	7,305,045	5,409,594	7,631,565	5,562,370
Total Net Position	\$ 715,590	\$ 554,644	\$ 45,352,935	\$ 45,216,646	\$ 46,068,525	\$ 45,771,290

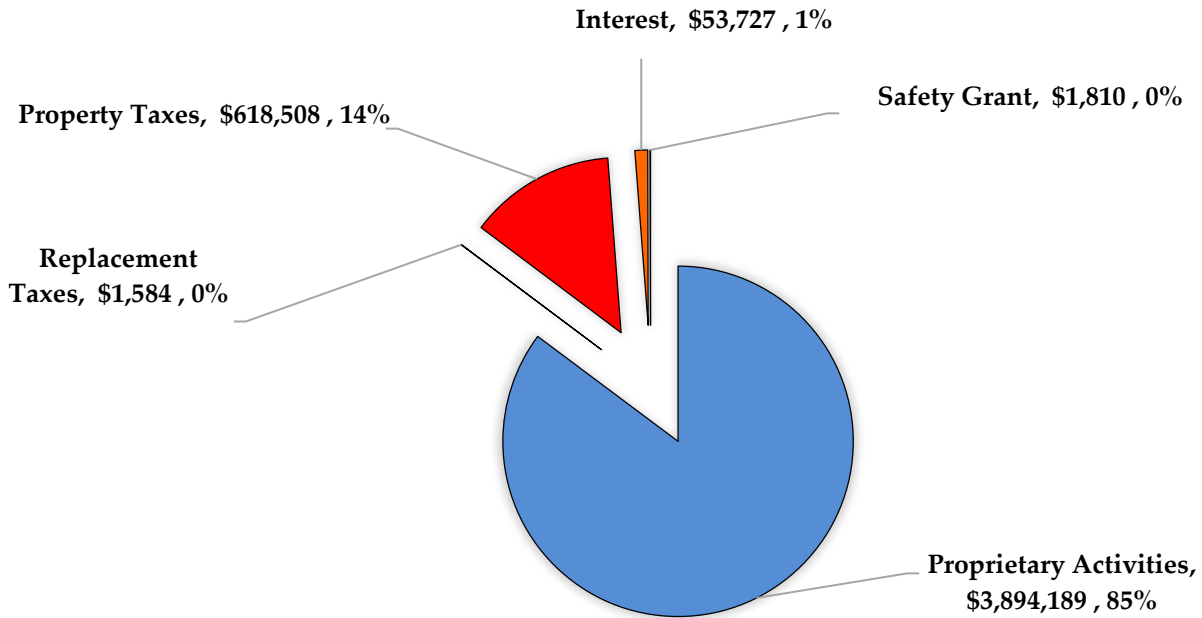
Government-wide activities decreased the District's net position by \$390,835. The key elements of the decrease are as follows:

Lake In The Hills Sanitary District - Activities and Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 3,875,606	\$ 3,894,189	\$ 3,875,606	\$ 3,894,189
General Revenues						
Property Taxes	603,603	618,508	-	-	603,603	618,508
Personal Property Taxes	1,561	1,584	-	-	1,561	1,584
Safety grant	-	-	-	1,810	-	1,810
Gain from sale of equipment	-	-	2,605	-	2,605	-
Interest	2,619	2,686	33,462	51,041	36,081	53,727
Total Revenues	607,783	622,778	3,911,673	3,947,040	4,519,456	4,569,818
Expenses						
General Government	481,497	783,724	-	-	481,497	783,724
Sewerage services	-	-	3,857,535	3,950,048	3,857,535	3,950,048
Loss from asset sale	-	-	-	55,000	-	55,000
Debt service	-	-	168,425	171,881	168,425	171,881
Total Expenses	481,497	783,724	4,025,960	4,176,929	4,507,457	4,960,653
Increase/(Decrease) in Net Position	126,286	(160,946)	(114,287)	(229,889)	11,999	(390,835)
Net Position - Beginning of Year	589,304	715,590	45,063,422	45,352,935	45,652,726	46,068,525
Capital Contributions	-	-	403,800	93,600	403,800	93,600
Net Position - End of Year	\$ 715,590	\$ 554,644	\$ 45,352,935	\$ 45,216,646	\$ 46,068,525	\$ 45,771,290

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
YEAR ENDED APRIL 30, 2019

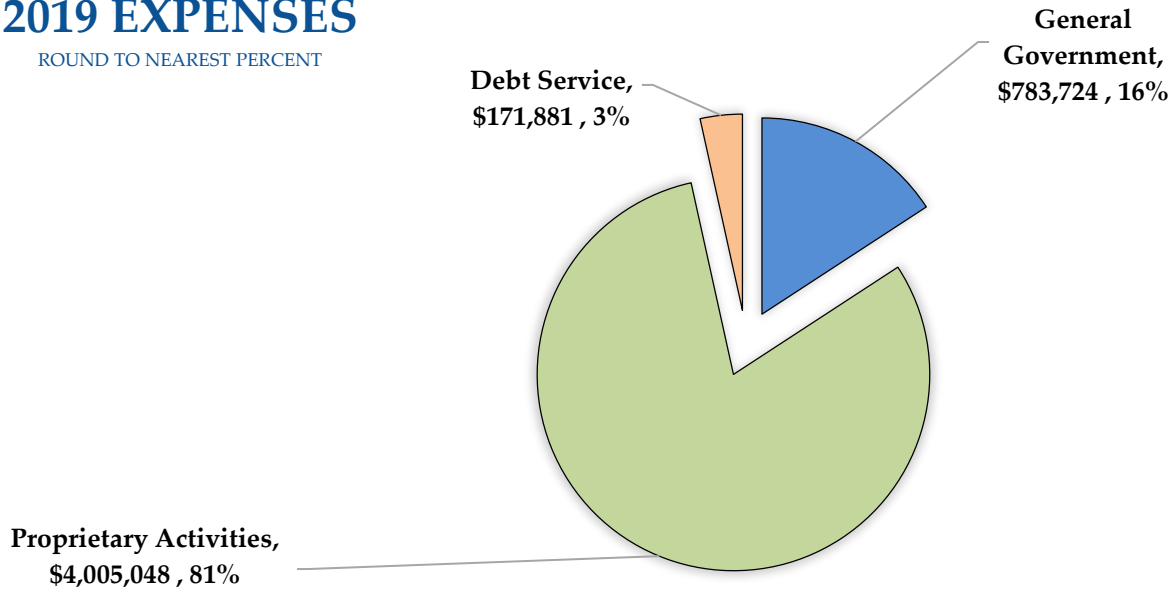
2019 REVENUES

ROUND TO NEAREST PERCENT



2019 EXPENSES

ROUND TO NEAREST PERCENT



LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
YEAR ENDED APRIL 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds

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

At April 30, 2019, the District's governmental funds reported combined ending, fund balances of \$1,286,257, an increase of \$8,298 in comparison with the prior year.

General Fund (Corporate Fund)

The focus of the District's General Fund is to provide information on the revenues and expenditures of the funds that the District receives from its corporate property tax levy and from other unrestricted sources such as personal property replacement taxes, and interest on bank deposits, and associated expenditures.

The General Fund balance at April 30, 2019 was \$884,389, which was a decrease of \$4,500 during the year ended April 30, 2019.

Other Governmental Funds

The focus of the District's Other Governmental Funds are to provide information on the revenues and expenditures of the funds that the District receives from its property tax levy, interest on bank deposits, and associated expenditures.

The Other Governmental Fund balances at April 30, 2019 were \$401,868, which was an increase of \$12,798 during the year ended April 30, 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District amended its original budget and appropriations ordinance for the fiscal year ended April 30, 2019, on April 11, 2019; therefore, the amounts shown as original and final appropriations are adjusted for the amendment.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED APRIL 30, 2019

Proprietary funds

The focus of the District's proprietary fund is to provide the same type of information found in the government-wide financial statements, but in more detail.

At April 30, 2019, the District's proprietary fund reported ending net position of \$45,216,646, a decrease of \$136,289 in comparison with the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

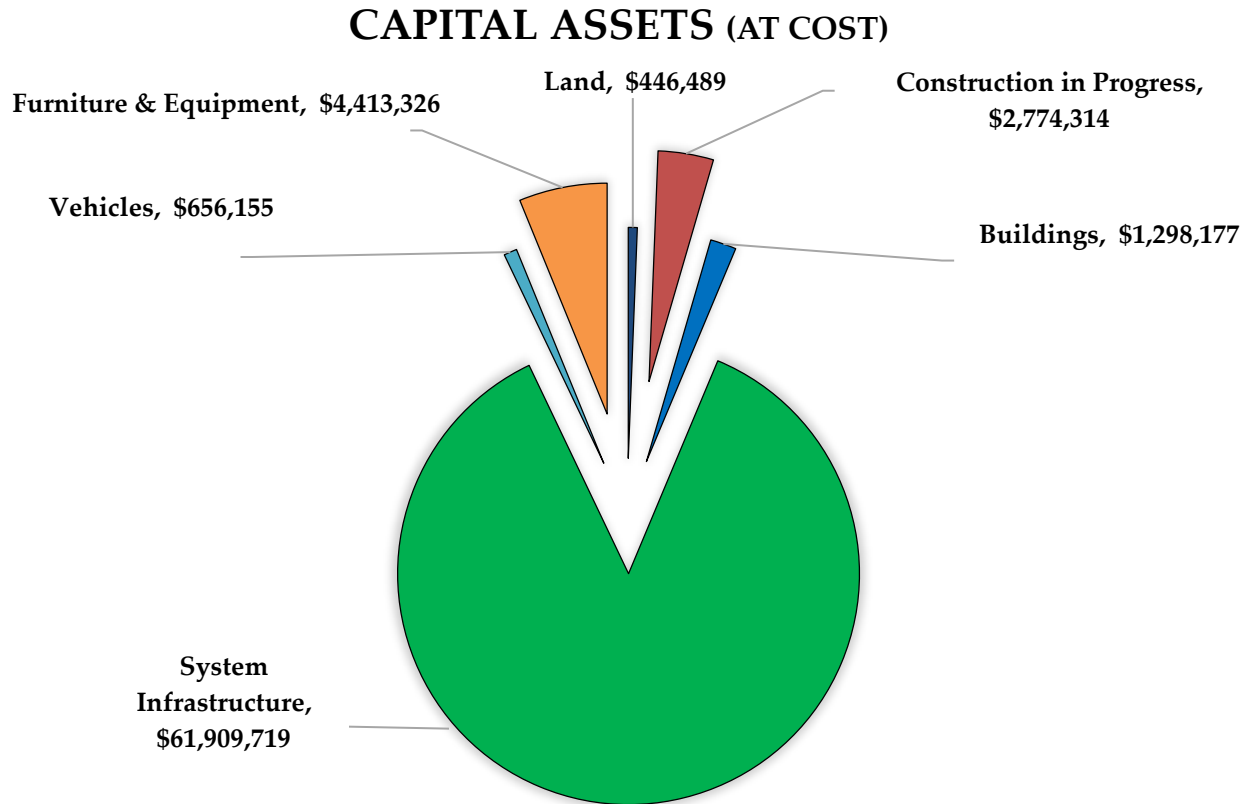
The District's investment in capital assets for its proprietary activities as of April 30, 2019 amounts to \$44,077,052 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, buildings, furniture and equipment, computer equipment, and vehicles. The total increase in the District's investment in capital assets for the year ended April 30, 2019 was \$3,166,975 attributable to the purchase of various assets.

Proprietary Fund - Capital Assets

	Balance			Balance
Fixed Assets	May 1, 2018	Increases	Decreases	April 30, 2019
Land	\$ 446,489	\$ -	\$ -	\$ 446,489
Construction in progress	651,933	2,122,381	-	2,774,314
Plant and lift stations	39,674,266	168,461	-	39,842,727
Sewer trunkline	22,066,992	-	-	22,066,992
Equipment	3,478,648	876,133	-	4,354,781
Administration building	1,298,177	-	-	1,298,177
Vehicles	656,155	-	-	656,155
Equipment & furniture	58,545	-	-	58,545
Total Fixed Assets	68,331,205	3,166,975	-	71,498,180
Less: Accumulated Depreciation	25,813,316	1,607,812	-	27,421,128
Fixed Assets (Net)	\$ 42,517,889	\$ 1,559,163	\$ -	44,077,052

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
YEAR ENDED APRIL 30, 2019



Long-term debt

At April 30, 2019, the District had two bond issues outstanding consisting of combined current principal due of \$210,000 and long-term due of \$4,060,000. The bond proceeds are being used to fund additional infrastructure and construction projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Trustees of the District considered the following factors in preparing the budget and appropriations ordinance for the District, which was adopted for the 2018-2019 fiscal year:

- The equalized assessed valuation (EAV) for the District for 2018 is \$764,142,436. This represents an increase in EAV of \$45,472,230 in comparison with the prior year.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
 YEAR ENDED APRIL 30, 2019

**ASSESSED VALUATIONS, EXTENDED TAX RATES
 PERCENTAGE ALLOCATIONS, EXTENDED TAX RATES**

TAX LEVY YEAR	2018	2017	2016
ASSESSED VALUATION			
McHenry County	\$ 764,142,436	\$ 718,670,206	\$ 678,248,528

**TAX RATES AND PERCENTAGE
 ALLOCATIONS BY FUND**

Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.037659	45.40	0.040260	46.75	0.040260	45.21
Chlorination	0.002200	2.65	0.002800	3.25	0.002800	3.14
Liability Insurance	0.019070	23.00	0.019070	22.14	0.022000	24.70
Social Security	0.006500	7.84	0.006500	7.55	0.006500	7.30
IMRF	0.014800	17.85	0.014800	17.18	0.014800	16.62
Audit	0.002700	3.26	0.002700	3.13	0.002700	3.03
Totals	0.082929	100.00	0.086130	100.00	0.089060	100.00

Property Tax Extensions

Funds	2018	2017	2016
General Fund	\$ 287,768	\$ 289,337	\$ 273,063
Chlorination	16,811	20,123	18,991
Liability Insurance	145,722	137,050	149,214
Social Security	49,669	46,714	44,086
IMRF	113,093	106,363	100,381
Audit	20,632	19,404	18,313
Totals	\$ 633,695	\$ 618,991	\$ 604,048

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

*MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
YEAR ENDED APRIL 30, 2019*

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, Lake In The Hills Sanitary District, 515 Plum St., Lake In The Hills, Illinois 60156.

BASIC FINANCIAL STATEMENTS

LAKE IN THE HILLS SANITARY DISTRICT

Government-wide - Statement of Net Position

April 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 1,322,637	\$ 4,948,424	\$ 6,271,061
Accounts receivable	-	612,711	612,711
Property tax receivable	627,358	-	627,358
Due from other funds	-	1,810	1,810
Deposit with paying agent	-	292,491	292,491
Fixed Assets	-	44,077,052	44,077,052
Total Assets	\$ 1,949,995	\$ 49,932,488	\$ 51,882,483
Deferred Outflows - IMRF			
	\$ 305,697	-	\$ 305,697
Current Liabilities			
Accounts payable	\$ 29,698	\$ 102,934	\$ 132,632
Accrued payroll	4,872	10,635	15,507
Accrued interest	-	82,491	82,491
Retention payable	-	187,656	187,656
Due to other funds	1,810	-	1,810
Current portion - revenue bonds	-	210,000	210,000
Developer deposits	-	2,166	2,166
Total Current Liabilities	36,380	595,882	632,262
Noncurrent Liabilities			
Revenue bonds payable	-	4,060,000	4,060,000
Revenue bond discount	-	59,960	59,960
Pension liability - IMRF	1,037,310	-	1,037,310
Total Noncurrent Liabilities	1,037,310	4,119,960	5,157,270
Total Liabilities	1,073,690	4,715,842	5,789,532
Deferred Inflow - Property taxes	627,358	-	627,358
Net Position			
Net Investment in capital assets	-	39,807,052	39,807,052
Restricted	401,868	-	401,868
Unrestricted	152,776	5,409,594	5,562,370
Total Net Position	\$ 554,644	\$ 45,216,646	\$ 45,771,290

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

LAKE IN THE HILLS SANITARY DISTRICT

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

Year Ended April 30, 2019

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General Government	\$ 783,724	\$ -	\$ -	\$ -	\$ 783,724	\$ -	\$ 783,724
Total Governmental Activities	783,724	-	-	-	783,724	-	783,724
Business-Type Activities							
Proprietary Activities	3,950,048	3,894,189	1,810	-	-	(54,049)	(54,049)
Loss on asset sale	55,000	-	-	-	-	(55,000)	(55,000)
Interest and fees on Long-term debt	171,881	-	-	-	-	(171,881)	(171,881)
Total Business-Type Activities	4,176,929	3,894,189	1,810	-	-	(280,930)	(280,930)
Total Primary Government	\$ 4,960,653	\$ 3,894,189	\$ 1,810	\$ -	783,724	(280,930)	502,794
General Revenues:							
Property Taxes					618,508	-	618,508
Replacement tax					1,584	-	1,584
Investment Income					2,686	51,041	53,727
Total Revenues					622,778	51,041	673,819
Change in Net Position					(160,946)	(229,889)	(390,835)
Net Position, Beginning					715,590	45,352,935	46,068,525
Capital Contributions					-	93,600	93,600
Total Net Position, Ending					\$ 554,644	\$ 45,216,646	\$ 45,771,290

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

LAKE IN THE HILLS SANITARY DISTRICT

Governmental Funds - Balance Sheet

April 30, 2019

	General Fund	Other Governmental Fund	Total Governmental Funds
Assets			
Cash	\$ 920,769	\$ 401,868	\$ 1,322,637
Property tax receivable	284,890	342,468	627,358
Total Assets	\$ 1,205,659	\$ 744,336	\$ 1,949,995
Liabilities			
Accounts payable/accruals	\$ 34,570	\$ -	\$ 34,570
Due to other funds	1,810	-	1,810
Total Liabilities	36,380	-	36,380
Deferred Inflows - Property taxes	284,890	342,468	627,358
Total Liabilities and Deferred Inflows	321,270	342,468	663,738
Fund Balance			
Non spendable	-	-	-
Restricted	-	401,868	401,868
Committed	-	-	-
Assigned - capital improvements	-	-	-
Unassigned	884,389	-	884,389
Total Fund Balance	884,389	401,868	1,286,257
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 1,205,659	\$ 744,336	\$ 1,949,995

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

LAKE IN THE HILLS SANITARY DISTRICT*Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance**Year Ended April 30, 2019*

	General Funds	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 289,112	\$ 329,396	\$ 618,508
Replacement taxes	1,584	-	1,584
Safety grant	-	-	-
Interest	2,686	-	2,686
Total Revenue	293,382	329,396	622,778
Expenditures			
Personal services	169,132	-	169,132
Contractual services	79,767	316,598	396,365
Commodities	48,833	-	48,833
Other	150	-	150
Total Expenditures	297,882	316,598	614,480
Net Change in Fund Balance	(4,500)	12,798	8,298
Fund Balance			
Fund balance, Beginning	888,889	389,070	1,277,959
Total Fund Balance, Ending	\$ 884,389	\$ 401,868	\$ 1,286,257

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

LAKE IN THE HILLS SANITARY DISTRICT

Governmental Funds -Reconciliations of the Governmental Fund

Balance to Net Position

Year Ended April 30, 2019

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Total Fund Balances - Total Governmental Funds	\$	1,286,257
Deferred pension outflows/inflows and net pension liabilities are not reported in funds.		
Deferred pension outflows		305,697
Net pension liabilities		(1,037,310)
Total Net Position of Governmental Activities	\$	<u>554,644</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**

Excess (Deficiency) of Revenue Over Expenditures		
Governmental Funds	\$	8,298
Change in deferred pension outflows/inflows and net pension liabilities are not reported in funds.		(169,244)
Changes in Net Position Governmental Funds	\$	<u>(160,946)</u>

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

LAKE IN THE HILLS SANITARY DISTRICT

Proprietary Fund - Statement of Net Position

April 30, 2019

Assets	
Cash	\$ 4,948,424
Sewer billings receivable, net	612,711
Due from other funds	1,810
Deposit with paying agent	292,491
Fixed assets (net of accumulated depreciation)	44,077,052
Total Assets	\$ 49,932,488
Liabilities	
Accounts payable/accruals	\$ 102,934
Accrued payroll	10,635
Accrued interest payable	82,491
Retention payable	187,656
Developer deposit	2,166
Revenue bonds payable - current portion	210,000
Revenue bonds payable - long term	4,060,000
Revenue bonds - long term premium	59,960
Total Liabilities	4,715,842
Net Position	
Net investment in capital assets	39,807,052
Unrestricted	5,409,594
Total Net Position	45,216,646
Total Liabilities and Net Position	\$ 49,932,488

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

LAKE IN THE HILLS SANITARY DISTRICT*Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position**Year Ended April 30, 2019*

	Revenues	Sewerage Enterprise Fund
Sewer charges		\$ 3,894,189
Safety grant		1,810
Total Revenues		3,895,999
	Expenses	
Personnel		504,777
Contractual service		351,519
Commodities		1,300,455
Other expenditures		188,999
Total Expenses		2,345,750
Operating Income Before Depreciation/Amortization		1,550,249
Less: Depreciation/Amortization		1,604,298
Operating Income (Loss)		(54,049)
	Non-Operating Income (Expense)	
Interest expense and fees		(171,881)
Gain on sale of assets		(55,000)
Interest income		51,041
Total Non-operating Income/(Expense)		(175,840)
Net Income (Loss)		(229,889)
	Net Position	
Balance, beginning of year		45,352,935
Capitalized connection fees		93,600
Total Net Position		\$ 45,216,646

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

LAKE IN THE HILLS SANITARY DISTRICT*Proprietary Fund - Statement of Cash Flows**Year Ended April 30, 2019*

	Sewerage Enterprise Fund
Cash Flows from Operating Activities	
Cash received from customers and users	\$ 3,895,999
Cash paid to suppliers	(1,645,235)
Cash and benefits paid for employees	(504,777)
Net Cash Provided by Operating Activities	1,745,987
Cash Flows from Investing Activities	
System additions	(3,166,975)
Net Cash Flows Provided by Investing Activities	(3,166,975)
Cash Flows from Capital and Financing Activities	
Interest income	51,041
Gain (loss) from sale of assets	(55,000)
Bond interest and fees	(171,881)
Bond/note payments, net	(205,000)
Net Cash Flows Provided by Capital and Financing Activities	(380,840)
Net Increase (Decrease) in Cash	(1,801,828)
Connection Fees Capitalized	93,600
Cash at Beginning of Year	6,656,652
Cash at End of Year	\$ 4,948,424
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss) for the year	\$ (54,049)
Depreciation and amortization	1,604,298
(Increase) decrease in accounts receivable	(23,650)
(Increase) decrease in deposits with paying agent	103,297
Increase (decrease) in accounts payable	(64,976)
Increase (decrease) in retention payable	187,656
Increase (decrease) in accrued interest payable	(3,297)
Increase (decrease) in deferred compensation	(3,292)
Net Cash Provided by Operating Activities	\$ 1,745,987

Cash payments for interest made during the year were \$171,881.

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

NOTES TO THE BASIC
FINANCIAL STATEMENTS

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lake In The Hills Sanitary District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the District.

REPORTING ENTITY

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financial relationships.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely significantly on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the District.

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

The Sewer O&M Fund is used to account for the treatment of sewerage of the District's citizens. User charges to customers account for substantially all of the revenue of this fund.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH

Many of the District's funds combine their cash in a common cash account included in the general fund where available cash is invested. Interest is earned from commingled checking in the general fund.

For purposes of cash and cash equivalent determination, Lake In The Hills Sanitary District considers all cash, investments, investments in Illinois Funds, and short-term Certificates to be cash equivalents.

INVESTMENTS

Investment balances consist of savings account balances, certificates of deposit, investments in government securities, and shares in the Illinois Funds. Investment cost or amortized cost of investments approximate market value. The funds included in the Pool participate in the earnings of the Pool in proportion to their average balance therein. Should any of these funds have an average deficit in the Pool, they are charged interest accordingly. Currently, the District has no balances classified as investments.

RECEIVABLES AND REVENUE RECOGNITION

Property taxes receivable are recognized at the time they are levied. Property taxes are levied and attached as an enforceable lien on property on January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of levy. The tax levy for 2018 property taxes was adopted August 9, 2018. That portion of the property taxes which are not available for the current year's operations are shown as deferred revenue.

Income from investments, accounts, and unbilled usage receivables are recognized when earned. Licenses and permits, fines and forfeits, fees and refunds, charges for service (other than enterprise funds), miscellaneous and other revenues are recorded as revenue when received in cash, as they are generally not measurable until actually received.

FUND BALANCE CLASSIFICATIONS

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being Nonspendable.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board. These amounts cannot be used for any other purpose unless the District Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of April 30, 2019.

Assigned - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District Board or through the District Board delegating this responsibility to the District manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding which represents the portion of the General Fund balance that has been established by the board to be used for debt service or in emergency situations.

The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

EQUITY CLASSIFICATIONS USED IN THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Investment in Capital Assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted Net Position - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – all other net position is reported in this category.

NOTE 2 - CASH AND INVESTMENTS

The District's investment policies are governed by state statutes whereby District money must be deposited in FDIC - insured banks located within the state. Permissible investments include demand accounts and certificates of deposits.

The District's pooled and nonpooled deposits are categorized to give an indication of the level of risk assumed by the District at April 30, 2019. The categories are described as follows:

- Category 1 Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Uncollateralized.

	Category			Bank	Carrying
	1	2	3	Balance	Value
Pooled deposits					
Checking/Savings	\$ 516,627	\$ 5,763,713	\$ -	\$ 6,280,340	\$6,271,061
Totals	<u>\$ 516,627</u>	<u>\$ 5,763,713</u>	<u>\$ -</u>	<u>\$ 6,280,340</u>	<u>\$6,271,061</u>

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 3 – PROPRIETARY FUND TYPE – PROPERTY AND EQUIPMENT

The property and equipment of the proprietary type fund consists of:

Proprietary Fund - Capital Assets

	Balance			Balance
Fixed Assets	May 1, 2018	Increases	Decreases	April 30, 2019
Land	\$ 446,489	\$ -	\$ -	\$ 446,489
Construction in progress	651,933	2,122,381	-	2,774,314
Plant and lift stations	39,674,266	168,461	-	39,842,727
Sewer trunkline	22,066,992	-	-	22,066,992
Equipment	3,478,648	876,133	-	4,354,781
Administration building	1,298,177	-	-	1,298,177
Vehicles	656,155	-	-	656,155
Office furniture & equipment	58,545	-	-	58,545
Total Fixed Assets	68,331,205	3,166,975	-	71,498,180
Less: Accumulated Depreciation	25,813,316	1,607,813	-	27,421,129
Fixed Assets (Net)	\$ 42,517,889	\$ 1,559,162	\$ -	\$ 44,077,051

The aggregate depreciation charged to operations is \$1,607,813.

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT

IMRF PLAN DESCRIPTION

The District'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 District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED -

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT – (CONTINUED)

selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

- 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, 2018, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	8
Inactive Plan Members entitled to but not yet receiving benefits	4
Active Plan Members	11
Total	<u>23</u>

CONTRIBUTIONS -

As set by statute, the District'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 District's annual contribution rate for calendar year 2018 was 21.20%. For the same year ended

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

December 31, 2018, the District contributed \$132,995 to the plan. The District 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 District's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS -

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, 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 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return to the

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	<u>1%</u>	2.50%
Total	100%	

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2018

Actuarial Valuation Date	12/31/2018
Measurement Date of the Net Pension Liability	12/31/2018
Fiscal Year End	4/30/2019

Membership

Number of	
- Retirees and Beneficiaries	8
- Inactive, Non-Retired Members	4
- Active Members	11
- Total	<u>23</u>
Covered Valuation Payroll (1)	<u>\$ 627,335</u>

Net Pension Liability

Total Pension Liability/(Asset)	\$ 3,516,211
Plan Fiduciary Net Position	<u>2,478,901</u>
Net Pension Liability/(Asset)	\$ 1,037,310
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.50%
Net Pension Liability as a Percentage of Covered Valuation Payroll	165.35%

Development of the Single Discount Rate as of December 31, 2018

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate (2)	3.71%
Last year ending December 31 in the 2019 to 2118 projection period for which projected benefit payments are fully funded	2118
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2017 Measurement Date	7.50%

Total Pension Expense/(Income) \$ 116,645

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 122,595	\$ 3,157
Changes in assumptions	97,481	79,881
Net difference between projected and actual earnings on pension plan investments	<u>304,457</u>	<u>135,798</u>
Total	<u>\$ 524,533</u>	<u>\$ 218,836</u>

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

(2) Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal Go AA Index" as of December 29, 2018. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

SINGLE DISCOUNT RATE -

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2018

A. Total pension liability

1. Service Cost	\$ 63,209
2. Interest on the Total Pension Liability	237,766
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	35,279
5. Changes of assumptions	118,788
6. Benefit payments, including refunds of employee contributions	(154,878)
7. Net change in total pension liability	300,164
8. Total pension liability – beginning	3,216,047
9. Total pension liability – ending	<u>\$ 3,516,211</u>

B. Plan fiduciary net position

1. Contributions – employer	\$ 132,995
2. Contributions – employee	28,230
3. Net investment income	(143,641)
4. Benefit payments, including refunds of employee contributions	(154,878)
5. Other (Net Transfer)	55,314
6. Net change in plan fiduciary net position	(81,980)
7. Plan fiduciary net position – beginning	2,560,881
8. Plan fiduciary net position – ending	<u>\$ 2,478,901</u>

C. Net pension liability/(asset)

\$ 1,037,310

D. Plan fiduciary net position as a percentage

of the total pension liability 70.50%

E. Covered Valuation payroll

\$ 627,335

F. Net pension liability as a percentage

of covered valuation payroll 165.35%

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

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 4,059,336	\$ 3,516,211	\$ 3,075,265
Plan Fiduciary Net Position	2,478,901	2,478,901	2,478,901
Net Pension Liability/(Asset)	<u>\$ 1,580,435</u>	<u>\$ 1,037,310</u>	<u>\$ 596,364</u>

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

For the year ended April 30, 2019, the District recognized pension expense of \$116,645. At April 30, 2019, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
<i>Deferred Amounts to be Recognized in Pensions Expenses in Future Periods</i>		
Differences between expected and actual	\$ 122,595	\$ 3,157
Changes of assumptions	97,481	79,881
Net differences between projected and actual earnings on pension plan investments	<u>304,457</u>	<u>135,798</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 524,533</u></u>	<u><u>\$ 218,836</u></u>

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

Year Ending December 31	Net Deferred Outflows of Resources
<u> </u>	<u> </u>
2019	\$ 93,593
2020	64,847
2021	56,026
2022	79,421
2023	11,810
Thereafter	-
Total	<u><u>\$ 305,697</u></u>

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate*

Valuation Date: December 31, 2018

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

Methods and Assumptions Used to Determine 2018 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): 25-year closed period until remaining period reaches 10 years (then 10-year rolling 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 20 years for most employers (two employers were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE TOTAL PENSION LIABILITY

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	
Notes	There were no benefit changes during the year.

**Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation.*

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 5 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 6 – EXPENDITURES OVER APPROPRIATIONS

No fund had expenditures that exceeded the appropriations.

NOTE 7 – SEWERAGE – GENERAL OBLIGATION (ALTERNATE REVENUE BONDS)

The Sewerage Debt Certificates, Series 2008 dated February 6, 2008 were issued during February 2008 for constructing improvements of the sanitary sewerage system. The debt certificates are collateralized by the net revenue of the Lake In The Hills Sanitary District and will be paid each year beginning May 1, 2008, until retired. The debt certificates carry interest rates ranging from 3.700% to 4.875% and mature May 1, 2017 through May 1, 2027. The certificates maturing on or after 2019 are subject to redemption prior to maturity. The Sewerage General Obligation Bonds, Series 2014A dated November 13, 2014 were issued during November 2014 for capital projects of the District. The bonds are collateralized by the net revenue of the Lake In The Hills Sanitary District and will be paid each year beginning May 1, 2008, until retired. The bonds carry interest rates ranging from 2.000% to 4.000% and mature May 1, 2017 through May 1, 2039. The certificates maturing on or after 2025 are subject to redemption prior to maturity.

Long-term liability activity for the year ended April 30, 2019 was as follows:

Business-Type Activities: Long-Term Debt	Balance			Amounts	
	May 1, 2018	Additions	Retirements	Balance April 30, 2019	Due Within One Year
Bond Dated February 6, 2008	\$ 1,245,000	\$ -	\$ 105,000	\$ 1,140,000	\$ 105,000
Bond Dated November 13, 2014	3,230,000	-	100,000	3,130,000	105,000
Total Business-Type Long-Term Debt Obligation	4,475,000	-	205,000	4,270,000	210,000

Long-term liabilities at April 30, 2019	Maturity	Interest	Face	Carrying
	Dates	Rates	Amount	Amounts
Business-Type Activities: Long-Term Debt				
Bond Dated February 6, 2008	5/1/2027	3.700% - 4.875%	\$ 2,000,000	\$ 1,140,000
Bond Dated November 13, 2014	5/1/2039	2.000% - 4.000%	\$ 3,430,000	\$ 3,130,000

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 7 – SEWERAGE – GENERAL OBLIGATION (ALTERNATE REVENUE BONDS) (CONCLUDED)

Debt service activity with principal and interest payments due in year ended April 30, 2019 are as follows:

Long Term Debt Maturity Schedule

Fiscal Year Ended Due	Bonds Dated February 6, 2008 Outstanding April 30, 2018		Bond Dated November 13, 2014 Outstanding April 30, 2018		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
4/30/2020	\$ 105,000	\$ 49,697	\$ 105,000	\$ 111,413	\$ 210,000	\$ 161,110
4/30/2021	110,000	44,994	110,000	108,188	220,000	153,182
4/30/2022	115,000	40,072	110,000	104,888	225,000	144,960
4/30/2023	120,000	34,856	115,000	101,513	235,000	136,369
4/30/2024	125,000	29,344	120,000	97,388	245,000	126,732
4/30/2025	130,000	23,606	125,000	92,488	255,000	116,094
4/30/2026	140,000	17,531	125,000	87,956	265,000	105,487
4/30/2027	145,000	10,847	130,000	83,813	275,000	94,660
4/30/2028	150,000	3,656	135,000	79,506	285,000	83,162
4/30/2029	-	-	140,000	75,038	140,000	75,038
4/30/2030	-	-	145,000	70,406	145,000	70,406
4/30/2031-4/30/2040	-	-	1,770,000	370,503	1,770,000	370,503
Total Debt	<u>\$ 1,140,000</u>	<u>\$ 254,603</u>	<u>\$ 3,130,000</u>	<u>\$ 1,383,097</u>	<u>\$ 4,270,000</u>	<u>\$ 1,637,700</u>

NOTE 8 – CONTINGENCIES

The District is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material adverse effect on the financial statements.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 6, 2019, the date on which the financial statements were available to be issued.

LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2019

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

As of these financial statements, the District has adopted GASB Statement No. 65, which redefined 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. Deferred outflows of resources (\$305,697) reported in the government-wide statement is from IMRF outflows in future periods.

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 District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources (\$627,358) reported in the government-wide and governmental funds for unavailable revenues are all from property taxes to be received in the following year.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE IN THE HILLS SANITARY DISTRICT

General Fund - Schedule of Revenues, Expenditures Changes in Fund Balance - Budget and Actual

Year Ended April 30, 2019

	Budget		Actual
	Original	Final	Amounts
Revenues			
Property taxes	\$ 289,000	\$ 289,000	\$ 289,112
Replacement tax	-	-	1,584
Interest	1,000	1,000	2,686
Total Revenues	290,000	290,000	293,382
Personnel Services			
Salaries and payroll taxes	170,000	170,000	169,132
Contractual Services			
Professional engineering	40,000	40,000	34,910
Legal services	36,000	36,000	32,591
Other professional services	5,000	5,000	-
Total Contractual Services	81,000	81,000	67,501
Administrative Expenses			
Printing, publications	5,000	5,000	3,866
Office supplies, equipment	3,000	3,000	1,837
Postage	1,500	1,500	510
Treasurer's bond	4,000	4,000	3,000
Community affairs	2,000	2,000	394
Membership and dues	4,500	4,500	2,659
Total Administrative Exepens	20,000	20,000	12,266
Operating Expenses			
Building and grounds upkeep	12,000	12,000	13,195
Utilites	26,000	26,000	25,816
J.U.L.I.E.	3,000	3,000	2,036
Training and education	2,000	2,000	770
Travel expenses	2,000	2,000	675
Computer hardware, software & support	8,000	8,000	6,341
Total Operating Expenses	53,000	53,000	48,833
Contingency and Miscellaneous Expenses			
Miscellaneous	1,000	1,000	150
Total Congency and Miscellaneous Expenses	1,000	1,000	150
Total General Fund	325,000	325,000	297,882
Net Change in Fund Balance	\$ (35,000)	\$ (35,000)	(4,500)
Fund Balance			
Fund balance, Beginning			888,889
Total Fund Balance, Ending			\$ 884,389

NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION

LAKE IN THE HILLS SANITARY DISTRICT ILLINOIS

Notes to Required Supplemental Information

Year Ended April 30, 2019

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

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

Appropriation ordinances 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 District procedures in establishing the appropriation data reflected in the General Fund Financial Statements are presented below:

- Prior to July 15th the District Board receives a proposed appropriation ordinance for the fiscal year commencing on May 1st. The appropriation ordinance includes proposed expenditures and the means of financing them.
- A public hearing is conducted at a public meeting to obtain taxpayers comments.
- The appropriation ordinance is legally enacted through passage of an ordinance prior to July 31st.
- The District Treasurer, in conjunction with the Board, is authorized to expend 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.
- The original appropriation ordinance was passed on May 10, 2018 and amended on April 11, 2019.
- Formal budgetary integration is not employed as a management control device during the year for any fund.

LAKE IN THE HILLS SANITARY DISTRICT ILLINOIS

Notes to Required Supplemental Information

Year Ended April 30, 2019

- Appropriation comparisons presented in the accompanying financial statements are prepared on the modified accrual and accrual basis of accounting. Governmental funds utilize the modified accrual basis of accounting, and the business type funds use the accrual basis of accounting for both appropriation purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.
- All appropriations lapse at year-end.

OTHER SUPPLEMENTARY INFORMATION

LAKE IN THE HILLS SANITARY DISTRICT

Special Revenue Funds - Balance Sheet

April 30, 2019

	<u>Total</u>	<u>Audit</u>	<u>Chlorination Fund</u>	<u>IMRF Fund</u>	<u>Public Liability Insurance Fund</u>	<u>Social Security Fund</u>
Assets						
Cash and cash equivalents	\$ 401,868	\$ 19,503	\$ 61,296	\$ 83,629	\$ 211,312	\$ 26,128
Taxes receivable, net of 1% allowance of loss	342,468	20,426	16,643	111,962	144,265	49,172
Total Assets	\$ 744,336	\$ 39,929	\$ 77,939	\$ 195,591	\$ 355,577	\$ 75,300
Liabilities						
Accounts payable/accruals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Deferred Inflows						
Property taxes	342,468	20,426	16,643	111,962	144,265	49,172
Fund Balance						
Fund balance, Ending	401,868	19,503	61,296	83,629	211,312	26,128
Total Liabilities and Fund Balance	\$ 744,336	\$ 39,929	\$ 77,939	\$ 195,591	\$ 355,577	\$ 75,300

LAKE IN THE HILLS SANITARY DISTRICT

Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended April 30, 2019

	<u>Total</u>	<u>Audit</u>	<u>Chlorination Fund</u>	<u>IMRF Fund</u>	<u>Public Liability Insurance Fund</u>	<u>Social Security Fund</u>
Revenues						
Property taxes	\$ 329,396	\$ 19,389	\$ 20,107	\$ 106,280	\$ 136,943	\$ 46,677
Total Revenues	<u>329,396</u>	<u>19,389</u>	<u>20,107</u>	<u>106,280</u>	<u>136,943</u>	<u>46,677</u>
Expenditures						
Auditing expense and fee	10,000	10,000	-	-	-	-
Chlorination, disinfection, and treatment	8,827	-	8,827	-	-	-
Pension contributions	150,000	-	-	150,000	-	-
Public liability insurance	96,260	-	-	-	96,260	-
Social Security contributions	51,511	-	-	-	-	51,511
Total Expenditures	<u>316,598</u>	<u>10,000</u>	<u>8,827</u>	<u>150,000</u>	<u>96,260</u>	<u>51,511</u>
Net Change in Fund Balance	12,798	9,389	11,280	(43,720)	40,683	(4,834)
Fund Balance						
Fund balance, beginning	<u>389,070</u>	<u>10,114</u>	<u>50,016</u>	<u>127,349</u>	<u>170,629</u>	<u>30,962</u>
Total Fund Balance, Ending	<u>\$ 401,868</u>	<u>\$ 19,503</u>	<u>\$ 61,296</u>	<u>\$ 83,629</u>	<u>\$ 211,312</u>	<u>\$ 26,128</u>

LAKE IN THE HILLS SANITARY DISTRICT

Audit Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

Year Ended April 30, 2019

	Budget		Actual Amounts
	Original	Final	
Revenues			
Property taxes	\$ 19,400	\$ 19,400	\$ 19,389
Total Revenues	<u>19,400</u>	<u>19,400</u>	<u>19,389</u>
Expenditures			
Auditing expense and fee	<u>25,000</u>	<u>25,000</u>	<u>10,000</u>
Net Change in Fund Balance	<u>\$ (5,600)</u>	<u>\$ (5,600)</u>	9,389
Fund Balance			
Fund balance, Beginning			<u>10,114</u>
Total Fund Balance, Ending			<u>\$ 19,503</u>

LAKE IN THE HILLS SANITARY DISTRICT

Chlorination Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

Year Ended April 30, 2019

	Budget		Actual Amounts
	Original	Final	
Revenues			
Property taxes	\$ 20,100	\$ 20,100	\$ 20,107
Total Revenues	<u>20,100</u>	<u>20,100</u>	<u>20,107</u>
Expenditures			
Chlorination, disinfection and treatment	<u>24,000</u>	<u>24,000</u>	<u>8,827</u>
Net Change in Fund Balance	<u>\$ (3,900)</u>	<u>\$ (3,900)</u>	11,280
Fund Balance			
Fund balance, Beginning			<u>50,016</u>
Total Fund Balance, Ending			<u>\$ 61,296</u>

LAKE IN THE HILLS SANITARY DISTRICT

IMRF Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

Year Ended April 30, 2019

	Budget		Actual Amounts
	Original	Final	
Revenues			
Property taxes	\$ 106,300	\$ 106,300	\$ 106,280
Total Revenues	<u>106,300</u>	<u>106,300</u>	<u>106,280</u>
Expenditures			
Pension contributions by employer	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Net Change in Fund Balance	<u>\$ (43,700)</u>	<u>\$ (43,700)</u>	(43,720)
Fund Balance			
Fund balance, Beginning			<u>127,349</u>
Total Fund Balance, Ending			<u>\$ 83,629</u>

LAKE IN THE HILLS SANITARY DISTRICT*Public Liability Insurance Fund - Schedule of Revenues, Expenditures Changes in Fund Balance
- Budget and Actual**Year Ended April 30, 2019*

	Budget		Actual
	Original	Final	Amounts
Revenues			
Property taxes	\$ 137,000	\$ 137,000	\$ 136,943
Total Revenues	137,000	137,000	136,943
Expenditures			
Workers compensation	24,000	24,000	17,483
Property	45,000	45,000	43,514
Vehicles	18,000	18,000	10,065
General liability	80,000	80,000	24,673
Administration fee	800	800	525
Total Expenditures	167,800	167,800	96,260
Net Change in Fund Balance	\$ (30,800)	\$ (30,800)	\$ 40,683
Fund Balance			
Fund balance, Beginning			170,629
Total Fund Balance, Ending			\$ 211,312

LAKE IN THE HILLS SANITARY DISTRICT

Social Security Fund - Schedule of Revenues, Expenditures Changes in Fund Balance

- Budget and Actual

Year Ended April 30, 2019

	Budget		Actual
	Original	Final	Amounts
Revenues			
Property taxes	\$ 46,700	\$ 46,700	\$ 46,677
Total Revenues	<u>46,700</u>	<u>46,700</u>	<u>46,677</u>
Expenditures			
Social security contributions	<u>55,000</u>	<u>55,000</u>	<u>51,511</u>
Net Change in Fund Balance	<u>\$ (8,300)</u>	<u>\$ (8,300)</u>	<u>\$ (4,834)</u>
Fund Balance			
Fund balance, Beginning			<u>30,962</u>
Total Fund Balance, Ending			<u>\$ 26,128</u>

LAKE IN THE HILLS SANITARY DISTRICT

Proprietary Fund Types - Schedule of Expenditures

- Budget and Actual

Year Ended April 30, 2019

	Budget		Actual Amounts
	Original	Final	
Personnel Services			
District personnel salaries	\$ 580,000	\$ 580,000	\$ 501,585
Unemployment	-	-	3,192
Total Personnel Services	580,000	580,000	504,777
Administrative Expenses			
Telephone	3,500	3,500	2,707
Postage	21,000	21,000	18,253
Printing, publishing	2,200	2,200	130
Office supplies	8,500	8,500	5,011
Billing and collection expense	80,000	73,500	61,138
Professional services	20,000	1,500	1,017
Training, travel, and education	5,000	5,000	401
Computer hardware, software, and support	24,000	24,000	28,652
Community affairs	2,000	2,000	663
Medical and life insurance	210,000	235,000	233,547
Total Administrative Expenses	376,200	376,200	351,519
Operation and Maintenance of Plant			
Operating supplies	60,000	60,000	58,195
Maintenance and repair (plant)	150,000	150,000	113,609
Maintenance and repair (collection system)	310,000	282,000	150,908
Utilities and energy	390,000	405,000	402,178
Grounds upkeep	30,000	30,000	24,273
Gasoline/oil	15,000	17,000	16,334
Computer and support services	2,000	2,000	-
Emergency communications	54,000	65,000	61,134
Sludge management	500,000	500,000	413,975
Professional services	24,000	24,000	19,848
Residential reimbursement	10,000	10,000	3,445
Compliance requirements/permits	28,500	28,500	28,250
Contingency and miscellaneous expense	-	-	29
GIS	10,000	10,000	8,277
Total Operation and Maintenance of Plant	1,583,500	1,583,500	1,300,455

LAKE IN THE HILLS SANITARY DISTRICT

Proprietary Fund Types - Schedule of Expenditures

- Budget and Actual

Year Ended April 30, 2019

	Budget		Actual Amounts
	Original	Final	
Capital Improvements			
New construction	\$ 3,000,000	\$ 3,000,000	\$ 16,234
Plant equipment	30,000	30,000	520
Collection system	370,000	370,000	-
Vehicles	130,000	130,000	-
Legal expense	5,000	5,000	-
Engineering expense	375,000	375,000	172,245
Bond, Finance consulting expense	1,000	1,000	-
Total Capital Improvements	3,911,000	3,911,000	188,999
Bond and Interest Account			
2008 Debt Certificates, Principal	105,000	105,000	-
2008 Debt Certificates, Interest	53,000	53,000	56,994
Administration fee	3,500	3,500	750
2014 Debt Certificates, Principal	105,000	105,000	-
2014 Debt Certificates, Interest	114,000	114,000	112,987
Administration fee	3,500	3,500	1,150
Total Bond and Interest Account	384,000	384,000	171,881
Total Expenditures	\$ 6,834,700	\$ 6,834,700	\$ 2,517,631

LAKE IN THE HILLS SANITARY DISTRICT

Property Tax Extension Rates

Year Ended April 30, 2019

Tax Levy Year	2018	2017	2016
Assessed Valuation	\$ 764,142,436	\$ 718,670,206	\$ 678,248,528

Tax Rates and Percentages - Allocated by Fund

McHenry County	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.037659	45.40%	0.040260	46.75%	0.040260	45.21%
Chlorination	0.002200	2.65%	0.002800	3.25%	0.002800	3.14%
Liability Insurance	0.019070	23.00%	0.019070	22.14%	0.022000	24.70%
Social Security	0.006500	7.84%	0.006500	7.55%	0.006500	7.30%
IMRF	0.014800	17.85%	0.014800	17.18%	0.014800	16.62%
Audit	0.002700	3.26%	0.002700	3.13%	0.002700	3.03%
Totals	0.082929	100.00%	0.086130	100.00%	0.089060	100.00%

LAKE IN THE HILLS SANITARY DISTRICT
Multi-year Schedule of Changes in Net IMRF Pension Liability and Related Ratios
Last 10 Calendar Years
(schedule to be built prospectively from 2014)

Calendar Year Ending	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ 63,209	\$ 67,952	\$ 69,512	\$ 61,533						
Interest on the Total Pension Liability	237,766	235,467	222,115	200,087						
Benefit Changes	-	-	-	-						
Difference between Expected and Actual Experience	35,279	(4,651)	45,934	169,681						
Assumption Changes	118,788	(106,741)	(13,932)	-						
Benefit Payments and Refunds	(154,878)	(163,139)	(150,295)	(130,507)						
Net Change in Total Pension Liability	300,164	28,888	173,334	300,794						
Total Pension Liability - Beginning	3,216,047	3,187,159	3,013,825	2,713,031						
Total Pension Liability - Ending (a)	\$ 3,516,211	\$ 3,216,047	\$ 3,187,159	\$ 3,013,825						
Plan Fiduciary Net Position										
Employer Contributions	\$ 132,995	\$ 121,610	\$ 111,249	\$ 63,778						
Employee Contributions	28,230	26,514	40,264	26,379						
Pension Plan Net Investment Income	(143,641)	391,039	142,802	10,043						
Benefit Payments and Refunds	(154,878)	(163,139)	(150,295)	(130,507)						
Other	55,314	(37,539)	(3,250)	83,137						
Net Change in Plan Fiduciary Net Position	(81,980)	338,485	140,770	52,830						
Plan Fiduciary Net Position - Beginning	2,560,881	2,222,396	2,081,626	2,028,796						
Plan Fiduciary Net Position - Ending (b)	\$ 2,478,901	\$ 2,560,881	\$ 2,222,396	\$ 2,081,626						
Net Pension Liability/(Asset) - Ending (a) - (b)	1,037,310	655,166	964,763	932,199						
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.50%	79.63%	69.73%	69.07%						
Covered Valuation Payroll	\$ 627,335	\$ 589,197	\$ 600,051	\$ 586,199						
Net Pension Liability as a Percentage of Covered Valuation Payroll	165.35%	111.20%	160.78%	159.02%						

Note: This schedule is intended to show information for 10 years and additional years' information will be displayed as it becomes available.

LAKE IN THE HILLS SANITARY DISTRICT
Multi-year Schedule of IMRF Pension Contributions
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2018	\$ 132,995 *	\$ 132,995	\$ -	\$ 627,335	21.20%
2017	\$ 121,610	\$ 121,610	\$ -	\$ 589,197	20.64%
2016	\$ 111,249	\$ 111,249	\$ -	\$ 600,051	18.54%
2015	\$ 63,778	\$ 63,778	\$ -	\$ 586,199	10.88%

* Estimated based on a contribution rate of 21.20% and covered valuation payroll of \$627,335.

Note: This schedule is intended to show information for 10 years and additional years' information will be displayed as it becomes available.