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# LAKE IN THE HILLS SANITARY DISTRICT, IL

Annual Financial Report  
For the Year Ended April 30, 2021

**LAKE IN THE HILLS SANITARY DISTRICT**  
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*For the Year Ended April 30, 2021*

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**LAKE IN THE HILLS SANITARY DISTRICT**  
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*For the Year Ended April 30, 2021*

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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, 2021, and related notes to the financial statements, 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, 2021, 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.

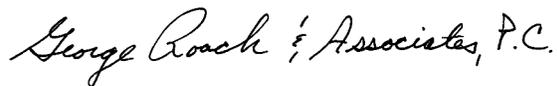
## Other Matters

### *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 as a whole 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  
July 28, 2021

REQUIRED SUPPLEMENTARY INFORMATION –  
MANAGEMENT DISCUSSION AND ANALYSIS -  
UNAUDITED

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED FOR THE YEAR ENDED APRIL 30, 2021

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, 2021.

#### FINANCIAL HIGHLIGHTS

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- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at April 30, 2021 by \$46,091,822 (net position).
- The District's total net position increased by \$89,084. Comprised of \$57,884 from activities and \$31,200 from contributed capital.
- At April 30, 2021, the District's governmental funds reported combined ending fund balances of \$1,167,149, a decrease of \$51,735 in comparison with the prior year.
- At April 30, 2021, the fund balance for the General Fund was \$793,099.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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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  
FOR THE YEAR ENDED APRIL 30, 2021

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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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  
FOR THE YEAR ENDED APRIL 30, 2021

### 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

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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$46,091,822 at April 30, 2021. 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  
FOR THE YEAR ENDED APRIL 30, 2021*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

<b>Lake In The Hills Sanitary District - Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>4/30/2020</b>	<b>4/30/2021</b>	<b>4/30/2020</b>	<b>4/30/2021</b>	<b>4/30/2020</b>	<b>4/30/2021</b>
Current and Other Assets	\$ 1,791,022	\$ 1,822,628	\$ 6,492,786	\$ 6,887,917	\$ 8,283,808	\$ 8,710,545
Capital Assets	-	-	43,381,552	42,792,536	43,381,552	42,792,536
<b>Total Assets</b>	<b>\$ 1,791,022</b>	<b>\$ 1,822,628</b>	<b>\$ 49,874,338</b>	<b>\$ 49,680,453</b>	<b>\$ 51,665,360</b>	<b>\$ 51,503,081</b>
Deferred Outflows	\$ 208,102	\$ 138,101	-	-	\$ 208,102	\$ 138,101
Current and Other Liabilities	\$ 7,478	\$ 11,930	\$ 452,021	\$ 226,211	\$ 459,499	\$ 238,141
Long-Term Liabilities Outstanding	950,121	76,380	3,896,445	3,902,290	4,846,566	3,978,670
<b>Total Liabilities</b>	<b>957,599</b>	<b>88,310</b>	<b>4,348,466</b>	<b>4,128,501</b>	<b>5,306,065</b>	<b>4,216,811</b>
Deferred Inflows	564,660	-	-	-	564,660	-
<b>Net Position</b>						
Net Investment in Capital Assets	-	-	39,321,552	38,952,536	39,321,552	38,952,536
Restricted - Net Position	410,568	319,050	-	3,341,844	410,568	3,660,894
Unrestricted - Net Position	66,297	220,820	6,204,320	3,257,572	6,270,617	3,478,392
<b>Total Net Position</b>	<b>\$ 476,865</b>	<b>\$ 539,870</b>	<b>\$ 45,525,872</b>	<b>\$ 45,551,952</b>	<b>\$ 46,002,737</b>	<b>\$ 46,091,822</b>

Government-wide activities increased the District's net position by \$89,084. The key elements of the increase are as follows:

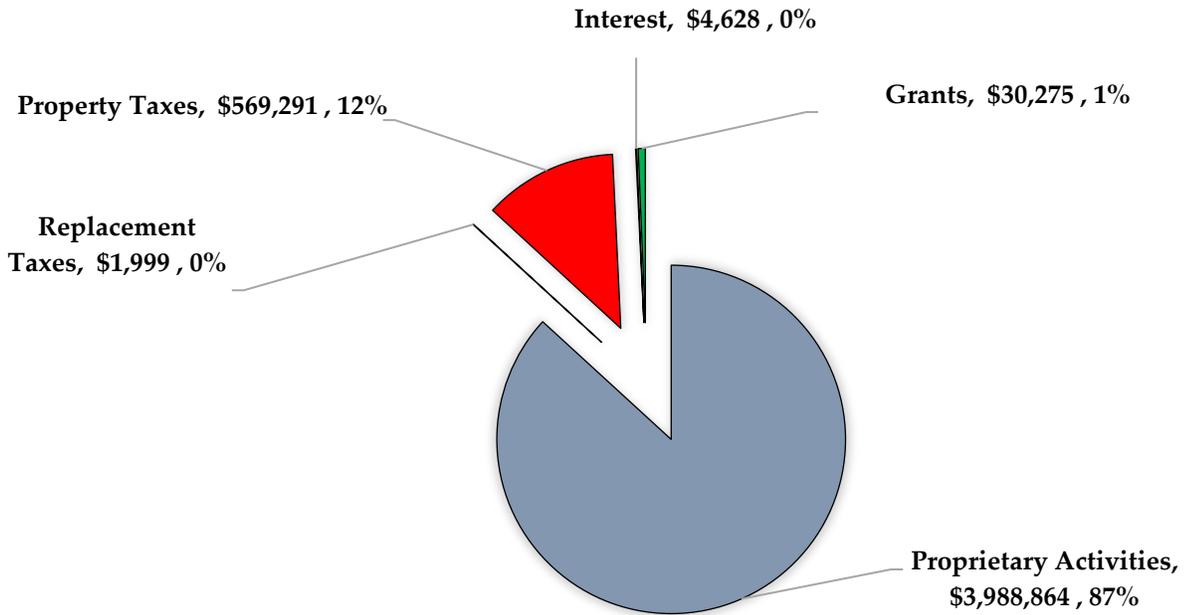
<b>Lake In The Hills Sanitary District - Activities and Changes in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>4/30/2020</b>	<b>4/30/2021</b>	<b>4/30/2020</b>	<b>4/30/2021</b>	<b>4/30/2020</b>	<b>4/30/2021</b>
<b>Program Revenues</b>						
Charges for Services	\$ -	\$ -	\$ 4,007,980	\$ 3,988,864	\$ 4,007,980	\$ 3,988,864
Operating Grants and Contributions	-	306	80,901	29,969	80,901	30,275
<b>General Revenues</b>						
Property Taxes	632,839	569,291	-	-	632,839	569,291
Personal Property Taxes	2,121	1,999	-	-	2,121	1,999
Interest	3,115	610	29,191	4,018	32,306	4,628
<b>Total Revenues</b>	<b>638,075</b>	<b>572,206</b>	<b>4,118,072</b>	<b>4,022,851</b>	<b>4,756,147</b>	<b>4,595,057</b>
<b>Expenses</b>						
General Government	715,854	509,201	-	-	715,854	509,201
Sewerage services	-	-	3,770,014	3,876,946	3,770,014	3,876,946
Debt service	-	-	159,138	151,026	159,138	151,026
<b>Total Expenses</b>	<b>715,854</b>	<b>509,201</b>	<b>3,929,152</b>	<b>4,027,972</b>	<b>4,645,006</b>	<b>4,537,173</b>
<b>Increase/(Decrease) in Net Position</b>	<b>(77,779)</b>	<b>63,005</b>	<b>188,920</b>	<b>(5,121)</b>	<b>111,141</b>	<b>57,884</b>
Net Position - Beginning of Year	554,644	476,865	45,216,646	45,525,873	45,771,290	46,002,738
Capital Contributions	-	-	120,306	31,200	120,306	31,200
<b>Net Position - End of Year</b>	<b>\$ 476,865</b>	<b>\$ 539,870</b>	<b>\$ 45,525,872</b>	<b>\$ 45,551,952</b>	<b>\$ 46,002,737</b>	<b>\$ 46,091,822</b>

**LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
FOR THE YEAR ENDED APRIL 30, 2021

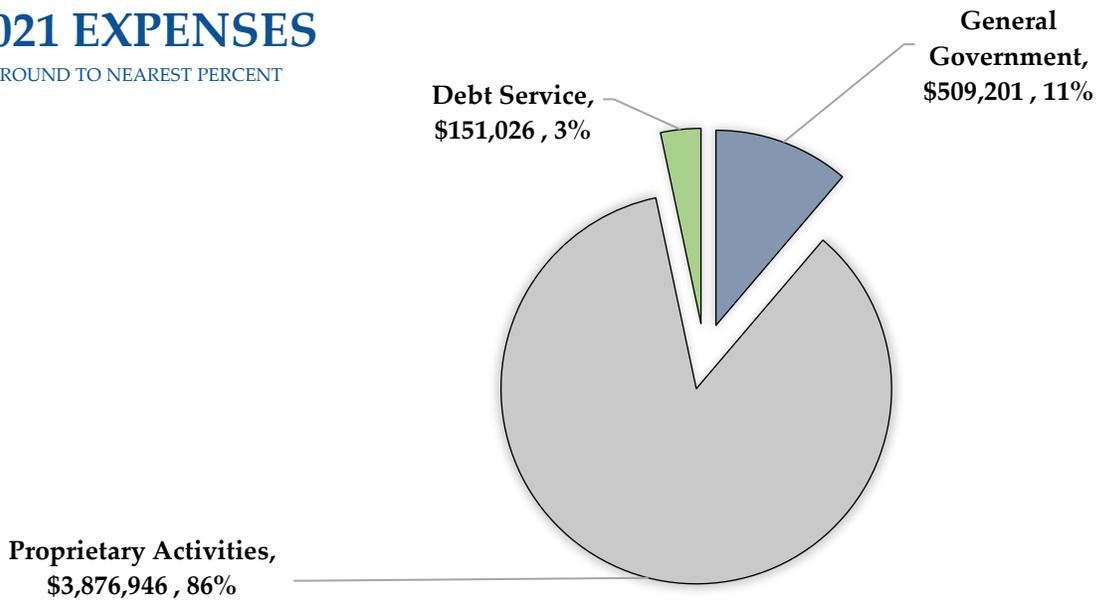
**2021 REVENUES**

ROUND TO NEAREST PERCENT



**2021 EXPENSES**

ROUND TO NEAREST PERCENT



## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
FOR THE YEAR ENDED APRIL 30, 2021

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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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, 2021, the District's governmental funds reported combined ending, fund balances of \$1,167,149, a decrease of \$51,735 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, 2021 was \$793,099, which was a decrease of \$15,217 during the year ended April 30, 2021.

#### 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, 2021 were \$374,050, which was a decrease of \$36,518 during the year ended April 30, 2021.

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
FOR THE YEAR ENDED APRIL 30, 2021

### GENERAL FUND BUDGETARY HIGHLIGHTS

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The District amended its original budget and appropriations ordinance for the fiscal year ended April 30, 2021, on April 15, 2021; therefore, the amounts shown as original and final appropriations are adjusted for the amendment.

#### 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, 2021, the District's proprietary fund reported ending net position of \$45,551,952, an increase of \$26,079 in comparison with the prior year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

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#### Capital assets

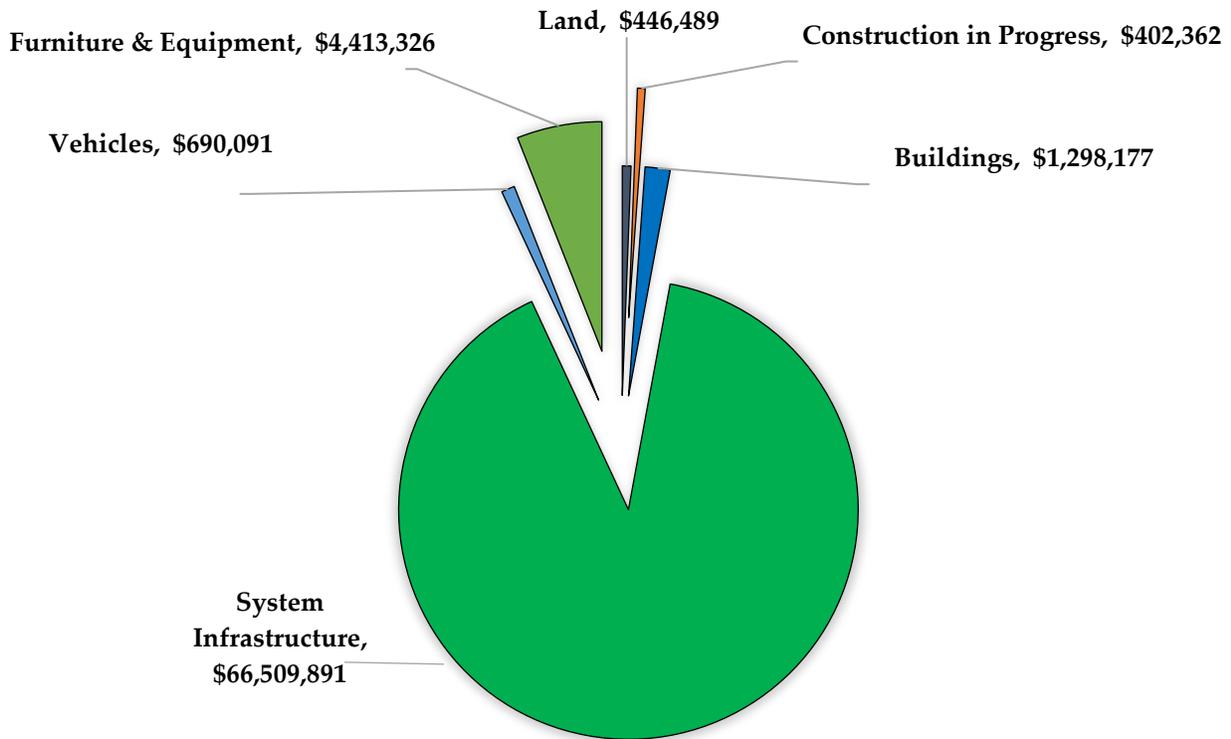
The District's investment in capital assets for its proprietary activities as of April 30, 2021 amounts to \$42,792,536 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, buildings, furniture and equipment, computer equipment, and vehicles. The total decrease in the District's investment in capital assets for the year ended April 30, 2021 was \$589,016 attributable to the purchase of various assets reduced by depreciation and disposal of assets.

#### Proprietary Fund - Capital Assets

	Balance			Balance
Fixed Assets	May 1, 2020	Increases	Decreases	April 30, 2021
Land - not depreciated	\$ 446,489	\$ -	\$ -	\$ 446,489
Construction in progress	568,860	-	166,498	402,362
Plant and lift stations	43,044,542	1,175,748	-	44,220,290
Sewer trunkline	22,066,992	222,609	-	22,289,601
Equipment	4,354,781	-	-	4,354,781
Administration building	1,298,177	-	-	1,298,177
Vehicles	690,091	-	-	690,091
Equipment & furniture	58,545	-	-	58,545
<b>Total Fixed Assets</b>	<b>72,528,477</b>	<b>1,398,357</b>	<b>166,498</b>	<b>73,760,336</b>
Less: Accumulated Depreciation	29,146,925	1,820,875	-	30,967,800
<b>Fixed Assets (Net)</b>	<b>\$ 43,381,552</b>	<b>\$ (422,518)</b>	<b>\$ 166,498</b>	<b>42,792,536</b>

**LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED*  
*FOR THE YEAR ENDED APRIL 30, 2021*

**CAPITAL ASSETS (AT COST)**



**Long-term debt**

At April 30, 2021, the District had two bond issues outstanding consisting of combined current principal due of \$225,000 and long-term due of \$3,615,000. 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 2020-2021 fiscal year:

- The equalized assessed valuation (EAV) for the District for 2020 is \$843,157,020. This represents an increase in EAV of \$27,385,818 in comparison with the prior year.

**LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
 FOR THE YEAR ENDED APRIL 30, 2021

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

<b>TAX LEVY YEAR</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>ASSESSED VALUATION</b>			
McHenry County	\$ 843,157,020	\$ 815,771,202	\$ 764,142,436

**TAX RATES AND PERCENTAGE  
 ALLOCATIONS BY FUND**

<b>Funds</b>	<b>Rate</b>	<b>Percentage</b>	<b>Rate</b>	<b>Percentage</b>	<b>Rate</b>	<b>Percentage</b>
General Fund	0.044476	57.69	0.037795	54.06	0.037659	45.40
Chlorination	0.000002	0.00	0.000002	0.00	0.002200	2.65
Liability Insurance	0.005931	7.69	0.006130	8.77	0.019070	23.00
Social Security	0.007710	10.00	0.006743	9.64	0.006500	7.84
IMRF	0.018384	23.85	0.019001	27.18	0.014800	17.85
Audit	0.000594	0.77	0.000246	0.35	0.002700	3.26
<b>Totals</b>	<b>0.077097</b>	<b>100.00</b>	<b>0.069917</b>	<b>100.00</b>	<b>0.082929</b>	<b>100.00</b>

**Property Tax Extensions**

<b>Funds</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
General Fund	\$ 375,003	\$ 308,321	\$ 287,768
Chlorination	17	16	16,811
Liability Insurance	50,008	50,007	145,722
Social Security	65,007	55,007	49,669
IMRF	155,006	155,005	113,093
Audit	5,008	2,007	20,632
<b>Totals</b>	<b>\$ 650,049</b>	<b>\$ 570,363</b>	<b>\$ 633,695</b>

**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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 1,179,079	\$ 6,076,431	\$ 7,255,510
Accounts receivable	-	511,923	511,923
Property tax receivable	643,549	-	643,549
Deposit with paying agent	-	299,563	299,563
Fixed Assets	-	42,792,536	42,792,536
<b>Total Assets</b>	<b>\$ 1,822,628</b>	<b>\$ 49,680,453</b>	<b>\$ 51,503,081</b>
<b>Deferred Outflows - IMRF</b>	<b>\$ 138,101</b>	<b>\$ -</b>	<b>\$ 138,101</b>
<b>Current Liabilities</b>			
Accounts payable/accruals	\$ 11,930	\$ 140,449	\$ 152,379
Accrued interest	-	74,563	74,563
Retention payable	-	11,199	11,199
Current portion - revenue bonds	-	225,000	225,000
<b>Total Current Liabilities</b>	<b>11,930</b>	<b>451,211</b>	<b>463,141</b>
<b>Noncurrent Liabilities</b>			
Deferred compensation	-	8,968	8,968
Revenue bonds payable	-	3,615,000	3,615,000
Revenue bond discount	-	53,322	53,322
Pension liability - IMRF	765,380	-	765,380
<b>Total Noncurrent Liabilities</b>	<b>765,380</b>	<b>3,677,290</b>	<b>4,442,670</b>
<b>Total Liabilities</b>	<b>777,310</b>	<b>4,128,501</b>	<b>4,905,811</b>
<b>Deferred Inflow - Property taxes</b>	<b>643,549</b>	<b>-</b>	<b>643,549</b>
<b>Net Position</b>			
Net investment in capital assets	-	38,952,536	38,952,536
Restricted	374,050	3,341,844	3,715,894
Unrestricted	165,820	3,257,572	3,423,392
<b>Total Net Position</b>	<b>\$ 539,870</b>	<b>\$ 45,551,952</b>	<b>\$ 46,091,822</b>

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

For the Year Ended April 30, 2021

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
<b>Governmental Activities</b>							
General Government	\$ 509,201	\$ -	\$ 306	\$ -	\$ 508,895	\$ -	\$ 508,895
<b>Total Governmental Activities</b>	<b>509,201</b>	<b>-</b>	<b>306</b>	<b>-</b>	<b>508,895</b>	<b>-</b>	<b>508,895</b>
<b>Business-Type Activities</b>							
Proprietary Activities	3,876,946	3,988,864	29,969	-	-	141,887	141,887
Interest and fees on Long-term debt	151,026	-	-	-	-	(151,026)	(151,026)
<b>Total Business-Type Activities</b>	<b>4,027,972</b>	<b>3,988,864</b>	<b>29,969</b>	<b>-</b>	<b>-</b>	<b>(9,139)</b>	<b>(9,139)</b>
<b>Total Primary Government</b>	<b>\$ 4,537,173</b>	<b>\$ 3,988,864</b>	<b>\$ 30,275</b>	<b>\$ -</b>	<b>508,895</b>	<b>(9,139)</b>	<b>499,756</b>
<b>General Revenues:</b>							
Property taxes					569,291	-	569,291
Replacement tax					1,999	-	1,999
Investment income					610	4,018	4,628
<b>Total Revenues</b>					<b>571,900</b>	<b>4,018</b>	<b>575,918</b>
Change in Net Position					63,005	(5,121)	57,884
Net Position, Beginning					476,865	45,525,873	46,002,738
Capital Contributions					-	31,200	31,200
<b>Total Net Position, Ending</b>					<b>\$ 539,870</b>	<b>\$ 45,551,952</b>	<b>\$ 46,091,822</b>

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

# LAKE IN THE HILLS SANITARY DISTRICT

## Governmental Funds - Balance Sheet

April 30, 2021

	General Fund	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 805,029	\$ 374,050	\$ 1,179,079
Property tax receivable	371,253	272,296	643,549
<b>Total Assets</b>	<b>\$ 1,176,282</b>	<b>\$ 646,346</b>	<b>\$ 1,822,628</b>
<b>Liabilities</b>			
Accounts payable/accruals	\$ 11,930	\$ -	\$ 11,930
<b>Total Liabilities</b>	11,930	-	11,930
<b>Deferred Inflows - Property taxes</b>	371,253	272,296	643,549
<b>Total Liabilities and Deferred Inflows</b>	383,183	272,296	655,479
<b>Fund Balance</b>			
Non spendable	-	-	-
Restricted	-	374,050	374,050
Committed	-	-	-
Assigned - capital improvements	-	-	-
Unassigned	793,099	-	793,099
<b>Total Fund Balance</b>	793,099	374,050	1,167,149
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<b>\$ 1,176,282</b>	<b>\$ 646,346</b>	<b>\$ 1,822,628</b>

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**For the Year Ended April 30, 2021*

	<b>General Funds</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Property taxes	\$ 307,741	\$ 261,550	\$ 569,291
Replacement taxes	1,999	-	1,999
Safety grant	306	-	306
Interest	610	-	610
<b>Total Revenues</b>	<b>310,656</b>	<b>261,550</b>	<b>572,206</b>
<b>Expenditures</b>			
Personal services	173,720	-	173,720
Contractual services	35,388	383,068	418,456
Commodities	30,442	-	30,442
Other	1,323	-	1,323
<b>Total Expenditures</b>	<b>240,873</b>	<b>383,068</b>	<b>623,941</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>69,783</b>	<b>(121,518)</b>	<b>(51,735)</b>
<b>Operating Transfers In/(Out)</b>	<b>(85,000)</b>	<b>85,000</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(15,217)</b>	<b>(36,518)</b>	<b>(51,735)</b>
<b>Fund Balance</b>			
Fund balance, Beginning	808,316	410,568	1,218,884
<b>Total Fund Balance, Ending</b>	<b>\$ 793,099</b>	<b>\$ 374,050</b>	<b>\$ 1,167,149</b>

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*

*For the Year Ended April 30, 2021*

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

<b>Total Fund Balances - Total Governmental Funds</b>	\$	1,167,149
Deferred pension outflows/inflows and net pension liabilities are not reported in funds.		
Deferred pension outflows		138,101
Net pension liabilities		(765,380)
<b>Total Net Position of Governmental Activities</b>	<b>\$</b>	<b>539,870</b>

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

<b>Excess (Deficiency) of Revenue Over Expenditures</b>		
<b>Governmental Funds</b>	\$	(51,735)
Change in deferred pension outflows/inflows and net pension liabilities are not reported in funds.		
		114,740
<b>Changes in Net Position Governmental Funds</b>	<b>\$</b>	<b>63,005</b>

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, 2021

<b>Assets</b>	
Cash	\$ 6,076,431
Sewer billings receivable, net	511,923
Deposit with paying agent	299,563
Fixed assets (net of accumulated depreciation)	42,792,536
<b>Total Assets</b>	<b>\$ 49,680,453</b>
<b>Liabilities</b>	
Accounts payable/accruals	\$ 140,449
Accrued interest payable	74,563
Retention payable	11,199
Revenue bonds payable - current portion	225,000
Revenue bonds payable - long term	3,615,000
Revenue bonds - long term premium	53,322
Deferred compensation - long term	8,968
<b>Total Liabilities</b>	<b>4,128,501</b>
<b>Net Position</b>	
Net investment in capital assets	38,952,536
Restricted for:	
Debt service	1,061,435
Capital Improvements	2,280,409
Unrestricted	3,257,572
<b>Total Net Position</b>	<b>45,551,952</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 49,680,453</b>

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**For the Year Ended April 30, 2021*

	<b>Revenues</b>	<b>Sewerage Enterprise Fund</b>
Sewer charges		\$ 3,988,864
Grants and rebates		29,969
<b>Total Revenues</b>		<b>4,018,833</b>
	<b>Expenses</b>	
Personnel		553,843
Contractual service		324,108
Commodities		1,106,830
Capital improvements		74,412
<b>Total Expenses</b>		<b>2,059,193</b>
<b>Operating Income Before Depreciation/Amortization</b>		<b>1,959,640</b>
Less: Depreciation/Amortization		1,817,753
<b>Operating Income (Loss)</b>		<b>141,887</b>
	<b>Non-Operating Income (Expense)</b>	
Interest expense and fees		(151,026)
Interest income		4,018
<b>Total Non-operating Income/(Expense)</b>		<b>(147,008)</b>
<b>Net Income (Loss)</b>		<b>(5,121)</b>
	<b>Net Position</b>	
Balance, beginning of year		45,525,873
Capitalized connection fees		31,200
<b>Total Net Position</b>		<b>\$ 45,551,952</b>

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

**LAKE IN THE HILLS SANITARY DISTRICT***Proprietary Fund - Statement of Cash Flows**For the Year Ended April 30, 2021*

	<b>Sewerage Enterprise Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers and users	\$ 4,029,356
Cash paid to suppliers	(1,472,396)
Cash and benefits paid for employees	(553,843)
<b>Net Cash Provided by Operating Activities</b>	<b>2,003,117</b>
<b>Cash Flows from Investing Activities</b>	
System additions	(1,231,859)
<b>Net Cash Flows Provided by Investing Activities</b>	<b>(1,231,859)</b>
<b>Cash Flows from Capital and Financing Activities</b>	
Interest income	4,018
Bond interest and fees	(151,026)
Bond/note payments, net	(220,000)
<b>Net Cash Flows Provided by Capital and Financing Activities</b>	<b>(367,008)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>404,250</b>
Connection fees capitalized	31,200
Cash at Beginning of Year	5,640,981
<b>Cash at End of Year</b>	<b>\$ 6,076,431</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income (loss) for the year	\$ 141,887
Depreciation and amortization	1,817,753
(Increase) decrease in accounts receivable	41,263
(Increase) decrease in deposits with paying agent	(944)
Increase (decrease) in accounts payable	30,629
Increase (decrease) in accrued payroll	(6,619)
Increase (decrease) in retention payable	(14,630)
Increase (decrease) in accrued interest payable	(4,056)
Increase (decrease) in developer deposits	(2,166)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,003,117</b>

Cash payments for interest made during the year were \$159,138.

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*

*For the Year Ended April 30, 2021*

### 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*

*For the Year Ended April 30, 2021*

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

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#### 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*

*For the Year Ended April 30, 2021*

### 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 2020 property taxes was adopted August 20, 2020. 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

For the Year Ended April 30, 2021

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

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**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, 2021.

**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

For the Year Ended April 30, 2021

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

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#### 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, 2021. 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 Balance	Carrying Value
	1	2	3		
<b>Pooled deposits</b>					
Checking/Savings	\$ 534,814	\$ 6,708,761	\$ -	\$ 7,243,575	\$7,255,510
<b>Totals</b>	<u>\$ 534,814</u>	<u>\$ 6,708,761</u>	<u>\$ -</u>	<u>\$ 7,243,575</u>	<u>\$7,255,510</u>

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### NOTE 3 – PROPRIETARY FUND TYPE – PROPERTY AND EQUIPMENT

---

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

<b>Proprietary Fund - Capital Assets</b>				
	<b>Balance</b>			<b>Balance</b>
<b>Fixed Assets</b>	<b>May 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>April 30, 2021</b>
Land - not depreciated	\$ 446,489	\$ -	\$ -	\$ 446,489
Construction in progress	568,860	-	166,498	402,362
Plant and lift stations	43,044,542	1,175,748	-	44,220,290
Sewer trunkline	22,066,992	222,609	-	22,289,601
Equipment	4,354,781	-	-	4,354,781
Administration building	1,298,177	-	-	1,298,177
Vehicles	690,091	-	-	690,091
Office furniture & equipment	58,545	-	-	58,545
<b>Total Fixed Assets</b>	<b>72,528,477</b>	<b>1,398,357</b>	<b>166,498</b>	<b>73,760,336</b>
Less: Accumulated Depreciation	29,146,925	1,820,875	-	30,967,800
<b>Fixed Assets (Net)</b>	<b>\$ 43,381,552</b>	<b>\$ (422,518)</b>	<b>\$ 166,498</b>	<b>\$ 42,792,536</b>

The aggregate depreciation charged to operations is \$1,820,875.

### NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT

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#### 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](http://www.imrf.org).

#### BENEFITS PROVIDED –

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

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT – (CONTINUED)

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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, 2020, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	9
Inactive Plan Members entitled to but not yet receiving benefits	3
Active Plan Members	10
<b>Total</b>	<u>22</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 2020 was 21.96%. For the same year ended

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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December 31, 2020, the District contributed \$242,905 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, 2020. 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, 2020:

- 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 pursuant to an experience study of the period 2017 to 2019.
- 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.

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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- 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:

<b>Asset Class</b>	<b>Target Percentage</b>	<b>Real Rate of Return</b>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.6-7.6%
Cash Equivalents	1%	1.85%
Total	<u>100%</u>	

# LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

## Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

#### Executive Summary as of December 31, 2020

Actuarial Valuation Date	12/31/2020
Measurement Date of the Net Pension Liability	12/31/2020
Fiscal Year End	4/30/2021

#### Membership

Number of	
- Retirees and Beneficiaries	9
- Inactive, Non-Retired Members	3
- Active Members	10
- Total	<u>22</u>
Covered Valuation Payroll (1)	<u>\$ 706,863</u>

#### Net Pension Liability

Total Pension Liability/(Asset)	\$ 4,321,721
Plan Fiduciary Net Position	<u>3,556,341</u>
Net Pension Liability/(Asset)	\$ 765,380
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.29%
Net Pension Liability as a Percentage of Covered Valuation Payroll	108.28%

#### Development of the Single Discount Rate as of December 31, 2020

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate (2)	2.00%
Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2019 Measurement Date	7.25%

**Total Pension Expense/(Income)** \$ 128,165

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 438,328	\$ 1,663
Changes in assumptions	54,867	109,372
Net difference between projected and actual earnings on pension plan investments	<u>135,207</u>	<u>379,266</u>
Total	<u>\$ 628,402</u>	<u>\$ 490,301</u>

(1) Does not necessarily represent Covered Employee Payroll as defined in GASB Statement No. 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 31, 2020. 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*

*For the Year Ended April 30, 2021*

### NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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#### 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 2.00%, 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

For the Year Ended April 30, 2021

## NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2020

#### A. Total pension liability

1. Service Cost	\$ 65,863
2. Interest on the Total Pension Liability	282,729
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	274,046
5. Changes of assumptions	(82,821)
6. Benefit payments, including refunds of employee contributions	(169,747)
7. Net change in total pension liability	370,070
8. Total pension liability – beginning	3,951,651
9. Total pension liability – ending	<u>\$ 4,321,721</u>

#### B. Plan fiduciary net position

1. Contributions – employer	\$ 242,905
2. Contributions – employee	31,809
3. Net investment income	433,736
4. Benefit payments, including refunds of employee contributions	(169,747)
5. Other (Net Transfer)	16,108
6. Net change in plan fiduciary net position	554,811
7. Plan fiduciary net position – beginning	3,001,530
8. Plan fiduciary net position – ending	<u>\$ 3,556,341</u>

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

\$ 765,380

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

82.29%

#### E. Covered Valuation payroll

\$ 706,863

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

108.28%

#### 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	\$ 5,000,015	\$ 4,321,721	\$ 3,782,942
Plan Fiduciary Net Position	3,556,341	3,556,341	3,556,341
Net Pension Liability/(Asset)	<u>\$ 1,443,674</u>	<u>\$ 765,380</u>	<u>\$ 226,601</u>

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### 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, 2021, the District recognized pension expense of \$128,165. At April 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pensions Expenses in Future Periods</i>		
Differences between expected and actual	\$ 438,328	\$ 1,663
Changes of assumptions	54,867	109,372
Net differences between projected and actual earnings on pension plan investments	<u>135,207</u>	<u>379,266</u>
Total Deferred Amounts to be recognized in pension expense in future periods	628,402	490,301
Pension contributions made subsequent to the measurement date	<u>143,297</u>	-
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 771,699</u></b>	<b><u>\$ 490,301</u></b>

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

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2021	\$ 40,669
2022	64,064
2023	(3,545)
2024	15,508
2025	21,405
Thereafter	-
<b>Total</b>	<b><u>\$ 138,101</u></b>

# LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

## Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

#### Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate\*

##### Valuation Date: December 31, 2020

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 2020 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): 23-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 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.35% to 14.25% 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 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (based on 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

##### 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

For the Year Ended April 30, 2021

### NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

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

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.20%
Salary Increases	2.85% to 13.75%
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 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.

*A detailed description of the actuarial assumptions and methods can be found in December 31, 2020 Illinois Municipal Retirement Fund annual actuarial valuation report.*

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

### NOTE 5 – RISK MANAGEMENT

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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

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No fund had expenditures that exceeded the appropriations.

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

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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, 2015, 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, 2021 was as follows:

	Balance			Balance	Amounts
Business-Type Activities: Long-Term Debt	May 1, 2020	Additions	Retirements	April 30, 2021	Due Within
Bond Dated February 6, 2008	\$ 1,035,000	\$ -	\$ 110,000	\$ 925,000	\$ 115,000
Bond Dated November 13, 2014	3,025,000	-	110,000	2,915,000	110,000
<b>Total Business-Type Long-Term Debt Obligation</b>	<b>4,060,000</b>	<b>-</b>	<b>220,000</b>	<b>3,840,000</b>	<b>225,000</b>

Long-term liabilities at April 30, 2021	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	\$ 925,000
Bond Dated November 13, 2014	5/1/2039	2.000% - 4.000%	\$ 3,430,000	\$ 2,915,000

## LAKE IN THE HILLS SANITARY DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

For the Year Ended April 30, 2021

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

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Debt service activity with principal and interest payments due in year ended April 30, 2021 are as follows:

#### Long Term Debt Maturity Schedule

Fiscal Year Ended Due	Bonds Dated February 6, 2008 Outstanding April 30, 2021		Bond Dated November 13, 2014 Outstanding April 30, 2021		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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
<b>Total Debt</b>	<b>\$ 925,000</b>	<b>\$ 159,912</b>	<b>\$ 2,915,000</b>	<b>\$ 1,163,497</b>	<b>\$ 3,840,000</b>	<b>\$ 1,323,409</b>

### NOTE 8 – CONTINGENCIES

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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

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The Organization has evaluated subsequent events through 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*

*For the Year Ended April 30, 2021*

### NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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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 (\$138,101) 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 (\$643,549) 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 and Changes in Fund Balance - Budget and Actual

For the Year Ended April 30, 2021

	Budget		Actual
	Original	Final	Amounts
<b>Revenues</b>			
Property taxes	\$ 308,320	\$ 308,320	\$ 307,741
Replacement tax	-	-	1,999
Safety grant	-	-	306
Interest	1,000	1,000	610
<b>Total Revenues</b>	<b>309,320</b>	<b>309,320</b>	<b>310,656</b>
<b>Personnel Services</b>			
Salaries and payroll taxes	185,000	185,000	173,720
<b>Total Personnel Services</b>	<b>185,000</b>	<b>185,000</b>	<b>173,720</b>
<b>Contractual Services</b>			
Professional engineering	75,000	75,000	13,653
Legal services	35,000	35,000	14,713
Other professional services	5,000	5,000	-
<b>Total Contractual Services</b>	<b>115,000</b>	<b>115,000</b>	<b>28,366</b>
<b>Administrative Expenses</b>			
Printing, publications	5,000	5,000	2,443
Office supplies, equipment	3,000	3,000	32
Postage	1,000	1,000	860
Treasurer's bond	4,000	4,000	3,000
Community affairs	1,000	1,000	117
Membership and dues	4,000	4,000	570
<b>Total Administrative Expenses</b>	<b>18,000</b>	<b>18,000</b>	<b>7,022</b>
<b>Operating Expenses</b>			
Building and grounds upkeep	15,000	15,000	5,266
Utilities	30,000	30,000	23,226
J.U.L.I.E.	3,000	3,000	-
Training and education	3,000	3,000	-
Travel expenses	2,000	2,000	40
Computer hardware, software & support	7,000	7,000	1,910
<b>Total Operating Expenses</b>	<b>60,000</b>	<b>60,000</b>	<b>30,442</b>
<b>Contingency and Miscellaneous Expenses</b>			
Miscellaneous	1,000	1,000	1,323
<b>Total Contingency and Miscellaneous Expenses</b>	<b>1,000</b>	<b>1,000</b>	<b>1,323</b>
<b>Total General Fund</b>	<b>379,000</b>	<b>379,000</b>	<b>240,873</b>
<b>Excess(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(69,680)</b>	<b>(69,680)</b>	<b>69,783</b>
<b>Operating transfers in/(out)</b>	<b>-</b>	<b>-</b>	<b>(85,000)</b>
<b>Net Change in Fund Balance</b>	<b>(69,680)</b>	<b>(69,680)</b>	<b>(15,217)</b>
<b>Fund Balance</b>			
Fund balance, Beginning			808,316
<b>Total Fund Balance, Ending</b>			<b>\$ 793,099</b>

NOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION

## LAKE IN THE HILLS SANITARY DISTRICT ILLINOIS

### *Notes to Required Supplemental Information*

*Year Ended April 30, 2021*

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 15<sup>th</sup> the District Board receives a proposed appropriation ordinance for the fiscal year commencing on May 1<sup>st</sup>. 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 31<sup>st</sup>.
- 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 14, 2020 and amended on April 15, 2021.
- 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, 2021*

- 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, 2021

	<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>
<b>Assets</b>						
Cash and cash equivalents	\$ 374,050	\$ 22,110	\$ 58,893	\$ 27,335	\$ 213,474	\$ 52,238
Taxes receivable, net of 1% allowance of loss	272,296	4,958	17	153,456	49,508	64,357
<b>Total Assets</b>	<b>\$ 646,346</b>	<b>\$ 27,068</b>	<b>\$ 58,910</b>	<b>\$ 180,791</b>	<b>\$ 262,982</b>	<b>\$ 116,595</b>
<b>Liabilities</b>						
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Deferred Inflows</b>						
Property taxes	272,296	4,958	17	153,456	49,508	64,357
<b>Fund Balance</b>						
Fund balance, Ending	374,050	22,110	58,893	27,335	213,474	52,238
<b>Total Liabilities and Fund Balance</b>	<b>\$ 646,346</b>	<b>\$ 27,068</b>	<b>\$ 58,910</b>	<b>\$ 180,791</b>	<b>\$ 262,982</b>	<b>\$ 116,595</b>

# LAKE IN THE HILLS SANITARY DISTRICT

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

For the Year Ended April 30, 2021

	<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>
<b>Revenues</b>						
Property taxes	\$ 261,550	\$ 2,003	\$ 17	\$ 154,713	\$ 49,913	\$ 54,904
<b>Total Revenues</b>	<u>261,550</u>	<u>2,003</u>	<u>17</u>	<u>154,713</u>	<u>49,913</u>	<u>54,904</u>
<b>Expenditures</b>						
Auditing expense and fee	10,000	10,000	-	-	-	-
Chlorination, disinfection, and treatment	9,938	-	9,938	-	-	-
Pension contributions	236,624	-	-	236,624	-	-
Public liability insurance	71,154	-	-	-	71,154	-
Social Security contributions	55,352	-	-	-	-	55,352
<b>Total Expenditures</b>	<u>383,068</u>	<u>10,000</u>	<u>9,938</u>	<u>236,624</u>	<u>71,154</u>	<u>55,352</u>
Operating transfers in/(out)	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>30,000</u>
<b>Net Change in Fund Balance</b>	(36,518)	(7,997)	(9,921)	(26,911)	(21,241)	29,552
<b>Fund Balance</b>						
Fund Balance, Beginning	<u>410,568</u>	<u>30,107</u>	<u>68,814</u>	<u>54,246</u>	<u>234,715</u>	<u>22,686</u>
<b>Total Fund Balance, Ending</b>	<u>\$ 374,050</u>	<u>\$ 22,110</u>	<u>\$ 58,893</u>	<u>\$ 27,335</u>	<u>\$ 213,474</u>	<u>\$ 52,238</u>

**LAKE IN THE HILLS SANITARY DISTRICT**

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

*- Budget and Actual*

*For the Year Ended April 30, 2021*

	<b>Budget</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>
<b>Revenues</b>			
Property taxes	\$ 2,006	\$ 2,006	\$ 2,003
<b>Total Revenues</b>	<b>2,006</b>	<b>2,006</b>	<b>2,003</b>
<b>Expenditures</b>			
Auditing expense and fee	20,000	20,000	10,000
<b>Total Expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>10,000</b>
<b>Net Change in Fund Balance</b>	<b>\$ (17,994)</b>	<b>\$ (17,994)</b>	<b>(7,997)</b>
<b>Fund Balance</b>			
Fund balance, Beginning			30,107
<b>Total Fund Balance, Ending</b>			<b>\$ 22,110</b>

**LAKE IN THE HILLS SANITARY DISTRICT**

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

*- Budget and Actual*

*For the Year Ended April 30, 2021*

	<b>Budget</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>
<b>Revenues</b>			
Property taxes	\$ 16	\$ 16	\$ 17
<b>Total Revenues</b>	<b>16</b>	<b>16</b>	<b>17</b>
<b>Expenditures</b>			
Chlorination, disinfection and treatment	24,000	24,000	9,938
<b>Total Expenditures</b>	<b>24,000</b>	<b>24,000</b>	<b>9,938</b>
<b>Net Change in Fund Balance</b>	<b>\$ (23,984)</b>	<b>\$ (23,984)</b>	<b>(9,921)</b>
<b>Fund Balance</b>			
Fund balance, Beginning			68,814
<b>Total Fund Balance, Ending</b>			<b>\$ 58,893</b>

**LAKE IN THE HILLS SANITARY DISTRICT***IMRF Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance**- Budget and Actual**For the Year Ended April 30, 2021*

	<b>Budget</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Revenues</b>			
Property taxes	\$ 15,504	\$ 15,504	\$ 154,713
<b>Total Revenues</b>	<u>15,504</u>	<u>15,504</u>	<u>154,713</u>
<b>Expenditures</b>			
Pension contributions by employer	<u>300,000</u>	<u>300,000</u>	<u>236,624</u>
<b>Total Expenditures</b>	<u>300,000</u>	<u>300,000</u>	<u>236,624</u>
Excess(Deficiency) of Revenues Over/(Under) Expenditures	(284,496)	(284,496)	(81,911)
Operating transfers in/(out)	<u>-</u>	<u>-</u>	<u>30,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ (284,496)</u>	<u>\$ (284,496)</u>	(51,911)
<b>Fund Balance</b>			
Fund balance, Beginning			<u>54,246</u>
<b>Total Fund Balance, Ending</b>			<u>\$ 2,335</u>

# LAKE IN THE HILLS SANITARY DISTRICT

## Public Liability Insurance Fund - Schedule of Revenues, Expenditures Changes in Fund Balance - Budget and Actual

For the Year Ended April 30, 2021

	Budget		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Property taxes	\$ 50,006	\$ 50,006	\$ 49,913
<b>Total Revenues</b>	<u>50,006</u>	<u>50,006</u>	<u>49,913</u>
<b>Expenditures</b>			
Workers compensation	24,000	24,000	20,656
Property	45,500	45,500	27,056
Vehicles	15,000	15,000	7,819
General liability	80,000	80,000	15,003
Administration fee	500	500	620
<b>Total Expenditures</b>	<u>165,000</u>	<u>165,000</u>	<u>71,154</u>
<b>Net Change in Fund Balance</b>	<u>\$ (114,994)</u>	<u>\$ (114,994)</u>	(21,241)
<b>Fund Balance</b>			
Fund balance, Beginning			<u>234,715</u>
<b>Total Fund Balance, Ending</b>			<u>\$ 213,474</u>

# LAKE IN THE HILLS SANITARY DISTRICT

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

- Budget and Actual

For the Year Ended April 30, 2021

	Budget		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Property taxes	\$ 55,007	\$ 55,007	\$ 54,904
<b>Total Revenues</b>	<u>55,007</u>	<u>55,007</u>	<u>54,904</u>
<b>Expenditures</b>			
Social security contributions	<u>60,000</u>	<u>60,000</u>	<u>55,352</u>
<b>Total Expenditures</b>	<u>60,000</u>	<u>60,000</u>	<u>55,352</u>
<b>Net Change in Fund Balance</b>	<u>\$ (4,993)</u>	<u>\$ (4,993)</u>	(448)
<b>Fund Balance</b>			
Fund balance, Beginning			<u>22,686</u>
<b>Total Fund Balance, Ending</b>			<u>\$ 22,238</u>

# LAKE IN THE HILLS SANITARY DISTRICT

## Proprietary Fund Types - Schedule of Expenditures

- Budget and Actual

For the Year Ended April 30, 2021

	Budget		Actual Amounts
	Original	Final	
<b>Personnel Services</b>			
District personnel salaries	\$ 634,000	\$ 634,000	\$ 542,711
Unemployment	-	-	11,132
<b>Total Personnel Services</b>	<b>634,000</b>	<b>634,000</b>	<b>553,843</b>
<b>Administrative Expenses</b>			
Telephone	3,000	3,000	2,223
Postage	22,000	22,000	17,848
Printing, publishing	2,000	2,000	152
Office supplies	7,500	7,500	6,066
Billing and collection expense	75,000	75,000	45,174
Professional services	10,000	10,000	4,453
Training, travel, and education	7,000	7,000	125
Computer hardware, software, and support	70,000	70,000	21,670
Community affairs	2,000	2,000	60
Medical and life insurance	275,000	275,000	226,337
<b>Total Administrative Expenses</b>	<b>473,500</b>	<b>473,500</b>	<b>324,108</b>
<b>Operation and Maintenance of Plant</b>			
Operating supplies	60,000	60,000	50,828
Maintenance and repair (plant)	150,000	150,000	110,211
Maintenance and repair (collection system)	310,000	235,000	117,606
Utilities and energy	475,000	475,000	403,789
Grounds upkeep	30,000	30,000	12,398
Gasoline/oil	20,000	20,000	6,969
Computer and support services	2,000	2,000	-
Emergency communications	75,000	150,000	140,122
Sludge management	225,000	225,000	219,343
Professional services	25,000	30,000	25,742
Residential reimbursement	10,000	10,000	-
Compliance requirements/permits	30,000	30,000	17,500
Contingency and miscellaneous expense	3,000	3,000	2,322
GIS	10,000	5,000	-
<b>Total Operation and Maintenance of Plant</b>	<b>1,425,000</b>	<b>1,425,000</b>	<b>1,106,830</b>

**LAKE IN THE HILLS SANITARY DISTRICT***Proprietary Fund Types - Schedule of Expenditures**- Budget and Actual**For the Year Ended April 30, 2021*

	<b>Budget</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Capital Improvements</b>			
New construction	\$ 1,500,000	\$ 1,500,000	\$ 20,990
Plant equipment	530,000	530,000	6,699
Collection system	800,000	800,000	-
Vehicles	75,000	75,000	-
Legal expense	5,000	5,000	-
Engineering expense	375,000	375,000	46,723
Bond, Finance consulting expense	1,000	1,000	-
<b>Total Capital Improvements</b>	<b>3,286,000</b>	<b>3,286,000</b>	<b>74,412</b>
<b>Bond and Interest Account</b>			
2008 Debt Certificates, Principal	115,000	115,000	-
2008 Debt Certificates, Interest	43,000	43,000	42,588
Administration fee	2,000	2,000	750
2014 Debt Certificates, Principal	110,000	110,000	-
2014 Debt Certificates, Interest	107,000	107,000	106,538
Administration fee	2,000	2,000	1,150
<b>Total Bond and Interest Account</b>	<b>379,000</b>	<b>379,000</b>	<b>151,026</b>
<b>Total Expenditures</b>	<b>\$ 6,197,500</b>	<b>\$ 6,197,500</b>	<b>\$ 2,210,219</b>

# LAKE IN THE HILLS SANITARY DISTRICT

## Property Tax Extension Rates

For the Year Ended April 30, 2021

Tax Levy Year	2020	2019	2018
<b>Assessed Valuation</b>	\$ 843,157,020	\$ 815,771,202	\$ 764,142,436

### Tax Rates and Percentages - Allocated by Fund

McHenry County	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.044476	57.69%	0.037795	54.06%	0.037659	45.40%
Chlorination	0.000002	-	0.000002	-	0.002200	2.65%
Liability Insurance	0.005931	7.69%	0.006130	8.77%	0.019070	23.00%
Social Security	0.007710	10.00%	0.006743	9.64%	0.006500	7.84%
IMRF	0.018384	23.85%	0.019001	27.18%	0.014800	17.85%
Audit	0.000594	0.77%	0.000246	0.35%	0.002700	3.26%
<b>Totals</b>	<b>0.077097</b>	<b>100.00%</b>	<b>0.069917</b>	<b>100.00%</b>	<b>0.082929</b>	<b>100.00%</b>

**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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Pension Liability</b>										
Service Cost	\$ 65,863	\$ 71,608	\$ 63,209	\$ 67,952	\$ 69,512	\$ 61,533				
Interest on the Total Pension Liability	282,729	252,027	237,766	235,467	222,115	200,087				
Benefit Changes	-	-	-	-	-	-				
Difference between Expected and Actual Experience	274,046	263,377	35,279	(4,651)	45,934	169,681				
Assumption Changes	(82,821)	-	118,788	(106,741)	(13,932)	-				
Benefit Payments and Refunds	(169,747)	(151,572)	(154,878)	(163,139)	(150,295)	(130,507)				
<b>Net Change in Total Pension Liability</b>	<b>370,070</b>	<b>435,440</b>	<b>300,164</b>	<b>28,888</b>	<b>173,334</b>	<b>300,794</b>				
<b>Total Pension Liability - Beginning</b>	<b>3,951,651</b>	<b>3,516,211</b>	<b>3,216,047</b>	<b>3,187,159</b>	<b>3,013,825</b>	<b>2,713,031</b>				
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 4,321,721</b>	<b>\$ 3,951,651</b>	<b>\$ 3,516,211</b>	<b>\$ 3,216,047</b>	<b>\$ 3,187,159</b>	<b>\$ 3,013,825</b>				
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 242,905	\$ 151,642	\$ 132,995	\$ 121,610	\$ 111,249	\$ 63,778				
Employee Contributions	31,809	29,452	28,230	26,514	40,264	26,379				
Pension Plan Net Investment Income	433,736	456,472	(143,641)	391,039	142,802	10,043				
Benefit Payments and Refunds	(169,747)	(151,572)	(154,878)	(163,139)	(150,295)	(130,507)				
Other	16,108	36,635	55,314	(37,539)	(3,250)	83,137				
<b>Net Change in Plan Fiduciary Net Position</b>	<b>554,811</b>	<b>522,629</b>	<b>(81,980)</b>	<b>338,485</b>	<b>140,770</b>	<b>52,830</b>				
<b>Plan Fiduciary Net Position - Beginning</b>	<b>3,001,530</b>	<b>2,478,901</b>	<b>2,560,881</b>	<b>2,222,396</b>	<b>2,081,626</b>	<b>2,028,796</b>				
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 3,556,341</b>	<b>\$ 3,001,530</b>	<b>\$ 2,478,901</b>	<b>\$ 2,560,881</b>	<b>\$ 2,222,396</b>	<b>\$ 2,081,626</b>				
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>765,380</b>	<b>950,121</b>	<b>1,037,310</b>	<b>655,166</b>	<b>964,763</b>	<b>932,199</b>				
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>82.29%</b>	<b>75.96%</b>	<b>70.50%</b>	<b>79.63%</b>	<b>69.73%</b>	<b>69.07%</b>				
<b>Covered Valuation Payroll</b>	<b>\$ 706,863</b>	<b>\$ 654,476</b>	<b>\$ 627,335</b>	<b>\$ 589,197</b>	<b>\$ 600,051</b>	<b>\$ 586,199</b>				
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>108.28%</b>	<b>145.17%</b>	<b>165.35%</b>	<b>111.20%</b>	<b>160.78%</b>	<b>159.02%</b>				

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**

<b>Calendar Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
2020	\$ 155,227 *	\$ 242,905	\$ (87,678)	\$ 706,863	34.36%
2019	\$ 136,982	\$ 151,642	\$ (14,660)	\$ 654,476	23.17%
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 21.96% and covered valuation payroll of \$706,863.

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