It is with great pride that the Village of Lake in the Hills, Illinois Board of Trustees and I present to you the Village’s Popular Annual Financial Report (PAFR). This PAFR is specifically designed to be readily accessible and easily understandable to residents, employees, the general public, and other interested parties without needing a background in public finance. The PAFR draws out highlights and important elements from the Village’s Comprehensive Annual Financial Report (CAFR) and conforms to generally accepted accounting principles (GAAP). The PAFR publication is not required by any regulatory body or state statute. Rather, this document is entirely elective on the part of the Village.

The Village of Lake in the Hills’ CAFR is over 100 pages long and includes very detailed financial information. While the CAFR is fully compliant with generally accepted accounting principles and has received an unmodified (“clean”) opinion from independent auditors, the document may be overwhelming for many. As such, the Village is pleased to offer the PAFR, which concisely summarizes significant financial information that may be of interest to our stakeholders.

The Government Finance Officers Association (GFOA) of the United States and Canada, the recognized national association of government finance officers, encourages governments to publish PAFRs. However, only a small percentage of state and local governments in the United States choose to do so. Thus, in publishing a PAFR, the Village joins an exclusive group of progressive governments making an extra effort to communicate clear and concise financial information to its constituents.

The PAFR is intended to make the Village’s finances more understandable to a wider audience. The PAFR, CAFR, and Annual Budget are all posted on the Village’s website. The Village will continue to make financial presentations and transparency a priority and provide open communication with its residents and businesses.

We hope you find the 2017 PAFR to be a valuable resource that provides insightful information. As always, if you ever have a question about the Village’s finances, please do not hesitate to contact Shane D. Johnson, Assistant Village Administrator/Finance Director at sjohnson@lith.org.

Sincerely,

Russ Ruzanski
Village President

A MESSAGE FROM THE PRESIDENT

Village of Lake in the Hills Residents and Businesses:

It is with great pride that the Village of Lake in the Hills, Illinois Board of Trustees and I present to you the Village’s Popular Annual Financial Report (PAFR). This PAFR is specifically designed to be readily accessible and easily understandable to residents, employees, the general public, and other interested parties without needing a background in public finance. The PAFR draws out highlights and important elements from the Village’s Comprehensive Annual Financial Report (CAFR) and conforms to generally accepted accounting principles (GAAP). The PAFR publication is not required by any regulatory body or state statute. Rather, this document is entirely elective on the part of the Village.

The Village of Lake in the Hills’ CAFR is over 100 pages long and includes very detailed financial information. While the CAFR is fully compliant with generally accepted accounting principles and has received an unmodified (“clean”) opinion from independent auditors, the document may be overwhelming for many. As such, the Village is pleased to offer the PAFR, which concisely summarizes significant financial information that may be of interest to our stakeholders.

The Government Finance Officers Association (GFOA) of the United States and Canada, the recognized national association of government finance officers, encourages governments to publish PAFRs. However, only a small percentage of state and local governments in the United States choose to do so. Thus, in publishing a PAFR, the Village joins an exclusive group of progressive governments making an extra effort to communicate clear and concise financial information to its constituents.

The PAFR is intended to make the Village’s finances more understandable to a wider audience. The PAFR, CAFR, and Annual Budget are all posted on the Village’s website. The Village will continue to make financial presentations and transparency a priority and provide open communication with its residents and businesses.

We hope you find the 2017 PAFR to be a valuable resource that provides insightful information. As always, if you ever have a question about the Village’s finances, please do not hesitate to contact Shane D. Johnson, Assistant Village Administrator/Finance Director at sjohnson@lith.org.

Sincerely,

Russ Ruzanski
Village President

TABLE OF CONTENTS

A Message from the President 2
Government Organization 3
Village Profile 4
Operational Achievements 5
Major Tax Revenue Trends 6
Property Taxes 7
General Fund 8
Water Fund 10
Airport Fund 12
Debt Status 14
About the PAFR 15
GOVERNMENT ORGANIZATION

How is the Village of Lake in the Hills Government Organized?

The Village operates under the Trustee-Village form of Government. Policy making and legislative authority are vested in the Village Board, which consists of a Village President and six Trustees, all elected from the Village at large. All elected officials, including a Village Clerk, serve four year staggered terms. The Village Board is responsible for establishing policy, passing ordinances, adopting the budget, appointing committees, and hiring the Village Administrator.

The Village Administrator is responsible for carrying out policies and ordinances of the Village Board and for overseeing the day-to-day operations of the Village. Municipal services are delivered by 7 Village departments; Administration, Community Development, Finance, Police, Public Works, Parks and Recreation, and Management Information Systems.
VILLAGE PROFILE

The Village of Lake in the Hills was incorporated in 1952 and is located in Illinois, approximately 47 miles northwest of the City of Chicago. The Village occupies over 10 square miles and has approximately 91 miles of street. The population of the Village grew from 28,965 in the 2010 census to 29,228 in a 2016 special census. There has been significant growth in population since the early 1990’s due to the development of the west side of the Village. Because the population is over 25,000 people, the Village is considered a home rule community.

Home rule communities in Illinois have greater control of their finances because of additional revenue generating abilities. There are approximately 137 full time equivalent employees that work for the Village of Lake in the Hills. There are four elementary schools and one middle school located in the Village within districts 158 and 300. Residents of Lake in the Hills are also served by districts 155 and 47. Each district has created initiatives to provide its students with high quality education.

### Principal Property Tax Payers

<table>
<thead>
<tr>
<th>TAXPAYER</th>
<th>TAXABLE ASSESSED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costco Wholesale Corp</td>
<td>2,883,297</td>
</tr>
<tr>
<td>Randall Algonquin Plaza LLC</td>
<td>2,428,752</td>
</tr>
<tr>
<td>Lowe’s Home Centers Inc</td>
<td>2,108,883</td>
</tr>
<tr>
<td>AMH 2014 2 Borrower LLC</td>
<td>1,951,900</td>
</tr>
<tr>
<td>Realty Income IL Prop 3 LLC / Kerasotes Theaters</td>
<td>1,819,888</td>
</tr>
<tr>
<td>LBUBS 2005C5 Randall Rd LLC</td>
<td>1,666,500</td>
</tr>
<tr>
<td>1st Midwest Bank Trust 12871</td>
<td>1,329,322</td>
</tr>
<tr>
<td>URBCO LLC</td>
<td>1,264,216</td>
</tr>
<tr>
<td>ARSC Real Est Holdings LLC</td>
<td>1,261,698</td>
</tr>
<tr>
<td>Prairie Stone Shops LLC</td>
<td>1,248,595</td>
</tr>
</tbody>
</table>

### Top Five Businesses

<table>
<thead>
<tr>
<th># OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costco Wholesale</td>
</tr>
<tr>
<td>Advanced Flexible Composites</td>
</tr>
<tr>
<td>Boulder Ridge County Club</td>
</tr>
<tr>
<td>Lowe’s Home Center</td>
</tr>
<tr>
<td>Moretti’s Ristorante &amp; Pizzeria</td>
</tr>
</tbody>
</table>

### Population

- **1990**: 13,250
- **1991**: 14,400
- **1992**: 15,700
- **1993**: 17,500
- **1994**: 19,200
- **1995**: 21,100
- **1996**: 23,000
- **1997**: 25,000
- **1998**: 27,000
- **1999**: 29,000
- **2000**: 31,000
- **2001**: 33,000
- **2002**: 35,000
- **2003**: 37,000
- **2004**: 39,000
- **2005**: 42,000
- **2006**: 44,000
- **2007**: 46,000
- **2008**: 48,000
- **2009**: 50,000
- **2010**: 52,000
- **2011**: 54,000
- **2012**: 56,000
- **2013**: 58,000
- **2014**: 60,000
- **2015**: 62,000
- **2016**: 64,000
- **2017**: 66,000

### Unemployment Rate

- **2008**: 5.3%
- **2009**: 6.1%
- **2010**: 7.2%
- **2011**: 6.1%
- **2012**: 5.1%
- **2013**: 5.1%
- **2014**: 4.4%
- **2015**: 5.1%
- **2016**: 5.1%
- **2017**: 4.4%
OPERATIONAL ACHIEVEMENTS

The Village once again achieved great success in 2017. We would like to share some of the more significant achievements with our readers:

Strategic Planning
Throughout 2017, the Village Board, in partnership with staff, prepared the Village’s strategic plan. This project was intended to set priorities, focus energy and resources, strengthen operations, ensure common goals, and assess and adjust the community’s direction in the response to the changing environment of local government service provision. The outcomes of the plan’s development include an organizational vision, a guiding policy which will serve as the filter for all decision making, and six significant projects to pursue. Please follow our journey at www.lithplan.org.

Online Portals
During 2017, the Village implemented two online portals through its enterprise resources planning (ERP) system, New World. These portals allow both residents and employees to have 24/7 access to information directly from New World. The first module, Utilities Services, allows residents to pay their water bill online, enroll in online billing, view outstanding balances, water consumption, and payment history. The second module, HR Portal, allows employees of the Village to update contact information, view and print paystubs and W2 forms, and view other pertinent payroll information.

Boat Patrol
In 2017, the Police Patrol Division implemented the Boat Patrol Program. The Village’s Community Service Officers received the state required training, proper equipment, and practical training prior to conducting patrols. The purpose of the boat patrol is to interact with the public, ensure the adherence of ordinances related to lake use, and the promotion of safety.

Social Media
In 2017 the Village focused significant efforts on expanding their social media presence. The Police Department continued to grow their presence on Twitter, continues strong engagement on Facebook, and increasing the number of Nixle users. Outside of Police Department operations, the Village utilized its social media pages to communicate with residents, businesses, and surrounding communities. There has been steady growth on all social media platforms.

Email Modernization
In 2017, work was completed to modernize the Village email servers. This modernization took three physical servers in different locations and consolidated them into one virtual server in a single location with several fail safes built in. Completing this upgrade was severely needed as the three physical device’s architecture was several decades old and no longer common practice. The project included several phases and was completed on schedule in April 2017. These modernizations have set the stage for further streamlining the Village’s information systems.

Tree Replacement
As part of the Village’s three year Emerald Ash Borer tree replacement plan, staff completed the in-house planting of 406 trees throughout the course of the year. There are still approximately 1,504 trees that need to be planted in the next two years.

Water Main Improvement
The water division completed the 19th and final year of the water main improvement project. This project has updated the entire water system infrastructure in the original area of the Village, adding new ductile iron water mains, fire hydrants, and water main valves.
MAJOR TAX REVENUE TRENDS

Sales tax and income tax are two significant General Fund revenue sources that the Village relies on to provide a high-level of municipal services to our residents and businesses.

Sales tax has remained on an upward swing since the recession in 2008-2009. Higher consumer confidence and lower unemployment rate in 2017 led to the significant increase from 2016 to 2017, with the Village’s largest business seeing an 11% increase from the prior year. Sales Tax is charged by businesses located within Village boundaries. Combined, these account for 27% or $4.7 million of General Fund revenue. This is a significant increase from $4.2 million in 2016.

Income tax experienced a lag from 2009-2011, due to delayed effects of the recession. Since 2011, Income tax has continued to increase. 2015 income tax experienced a spike due to higher capital gain taxes paid to the State in 2014. This was a one-time surplus and is not to be relied on to continue in the future. 2017 saw a decrease due to a 10% reduction in the State of Illinois’ disbursement.
Property Taxes

Property taxes represent the General Fund’s largest revenue source at 32% or $5.7 million. Property taxes are used to pay for employer pension contributions, payroll taxes, liability and worker’s compensation insurance coverages, and portions of general operating and public safety costs.

On behalf of our residents and businesses, the Village has kept its portion of the total property tax levy flat or decreased for the last several years. The Village has been contributing an increased amount of the property tax levy to the Police Pension Retirement System since 2012 which has caused the total Village’s operating portion of the levy to steadily decline.

The Village’s 2017 levy accounted for 9% of the total property tax bill, while school districts made up 59%, and McHenry County made up 9%. The remaining 23%, classified as other, is comprised of townships, fire protections districts, park districts, library districts, and the Lake in the Hills sanitary district.
GENERAL FUND

The General Fund is the Village’s primary operating fund, which supports core municipal services.

- Various types of taxes provide most of the revenues for the General Fund.
- The seven General Fund departments are split up into 4 functions. General Government includes Administration, Finance, Community Development, and Management Information Systems.
- The Village maintains a minimum fund balance in its General Fund of at least 25% of the previous fiscal year’s total operating expenditures.

Revenue Trends

- Various types of taxes provide most of the revenues for the General Fund.
- The most noteworthy increase from 2016 is the taxes line item. This line item includes sales tax, home rule sales tax, property tax, use tax, and other smaller taxes. An increase in sales tax and home rule sales tax caused an $800,000 increase from 2016. A slight increase in use tax and the implementation of an amusement tax can be attributed to this also.
- The other general fund revenue line items are relatively predictable and stay very consistent on a year to year basis.

Expenditure Trends

- Expenditures for General Government and Public Safety increased very slightly from 2016 to 2017. The slight increase comes mainly from personal services.
- Public Works expenditures increased by about $300,000 due to an increase in personal services and contractual services.
- Recreation expenditures decreased by about $200,000. A large portion of this comes from the Village outsourcing the lawn mowing of the parks.
Statement of Revenues, Expenditures, and Changes in Fund Balance

GENERAL FUND (IN MILLIONS) 2015 2016 2017

REVENUES
- Taxes $11.0 $11.2 $12.0
- License and Permits $0.3 $0.3 $0.4
- Intergovernmental $3.1 $2.9 $2.6
- Charges for Services $1.9 $1.8 $1.7
- Fines, Fees and Forfeits $0.5 $0.5 $0.4
- Investment Income $0.0 $0.0 $0.1
- Miscellaneous $0.2 $0.3 $0.3
TOTAL REVENUES $17.0 $17.1 $17.6

EXPENDITURES
- General Government $3.0 $2.9 $3.1
- Public Safety $7.6 $7.8 $7.9
- Public Works $3.5 $3.5 $3.8
- Recreation $1.8 $1.7 $1.5
TOTAL EXPENDITURES $15.8 $16.0 $16.4

EXCESS OF REVENUES OVER EXPENDITURES $1.2 $1.1 $1.1
- Transfers In $0.0 $0.0 $0.0
- Transfers Out ($0.7) ($1.3) ($1.3)
- Change in Fund Balance $0.4 ($0.2) $0.0
- Fund Balance, January 1 $9.6 $10.0 $9.8
- Fund Balance, December 31 $10.0 $9.8 $9.9

WHAT’S A TRANSFER OUT?
Transfers out are comprised of debt service and capital outlay. These are accounted and tracked in another fund of the Village. The revenue in the General Fund supports these operations and therefore transfers money to these funds to cover the costs.
WATER FUND

The Water Fund is the Village’s largest proprietary revenue source. The Water department is mainly overseen by Public Works, but also has Finance employees who support operations.

• On average, the Village pumps over 2 million gallons of water on a daily basis from 9 different wells.
• The Village charges $3.59 per 1,000 cubic feet of water plus another $16 per household, annually, for adequate funding of needed capital purchases.
• The Village provides water to over 10,000 customers consisting of residential households and commercial property.

Revenue Trends
• Over 99% of the revenue generated in the water fund in 2017 came from the sale of water. It increased slightly from 2016, mainly due to a 3% increase in rates.
• In 2016 the Village collected almost $200,000 in miscellaneous income. This was mainly due to an insurance settlement in regards to well 14 failing.

Expenditures Trends
• The majority of funds spent in the water fund go to personal service costs. This includes salaries and other employee benefits needed to run the entire water distribution and treatment system.
• As the water fund continues to add more assets, the amount of depreciation & amortization will continue to increase.
• Contractual services increased nearly $250,000, mainly due to increased maintenance and utilities costs.
## Statement of Revenues, Expenses, and Changes in Net Position

### Water Fund

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Sales</td>
<td>$4,099,079</td>
<td>$4,296,307</td>
<td>$4,364,784</td>
</tr>
<tr>
<td>Permits &amp; Other Misc. Income</td>
<td>$8,955</td>
<td>$195,585</td>
<td>$2,967</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>$4,108,034</strong></td>
<td><strong>$4,491,892</strong></td>
<td><strong>$4,367,751</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>$1,631,493</td>
<td>$1,735,184</td>
<td>$1,779,052</td>
</tr>
<tr>
<td>Professional Development</td>
<td>$11,415</td>
<td>$12,143</td>
<td>$9,945</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>$902,671</td>
<td>$450,881</td>
<td>$690,642</td>
</tr>
<tr>
<td>Commodities</td>
<td>$271,702</td>
<td>$260,273</td>
<td>$270,950</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>($61,794)</td>
<td>$44,159</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>$1,265,489</td>
<td>$1,279,827</td>
<td>$1,358,317</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$4,020,976</strong></td>
<td><strong>$3,782,467</strong></td>
<td><strong>$4,108,905</strong></td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td><strong>$87,058</strong></td>
<td><strong>$709,425</strong></td>
<td><strong>$258,845</strong></td>
</tr>
<tr>
<td><strong>Non Operating Revenue (Expenses)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>$12,752</td>
<td>$22,776</td>
<td>$27,416</td>
</tr>
<tr>
<td>Interest &amp; Fiscal Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain on Sale of Fixed Assets</td>
<td>($7,686)</td>
<td>$5,850</td>
<td>($1,155)</td>
</tr>
<tr>
<td><strong>Total Non Operating Revenue (Expenses)</strong></td>
<td><strong>$5,066</strong></td>
<td><strong>$28,596</strong></td>
<td><strong>$26,261</strong></td>
</tr>
<tr>
<td><strong>Net Income (Loss) Before Contributions</strong></td>
<td><strong>$92,124</strong></td>
<td><strong>$738,021</strong></td>
<td><strong>$285,106</strong></td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position, January 1</td>
<td>$44,708,907</td>
<td>$38,932,009</td>
<td>$39,906,909</td>
</tr>
<tr>
<td>Prior Period Adjustment</td>
<td>($5,538,623)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in Accounting Principle</td>
<td>($330,399)</td>
<td>$236,879</td>
<td>-</td>
</tr>
<tr>
<td>Net Position, December 31</td>
<td>$38,932,009</td>
<td>$39,906,909</td>
<td>$40,192,015</td>
</tr>
</tbody>
</table>

**Water Revenue**

- Water Sales: 100%
- Permits & Other Misc. Income: 0%

**Water Expenses**

- Depreciation & Amortization: 30%
- Personal Services: 15%
- Contractual Services: 17%
- Professional Development: 9%
- Commodities: 0%
AIRPORT FUND

The Airport Fund is the Village’s second proprietary fund. The Lake in the Hills Airport is a designated FAA reliever airport for Chicago O’Hare Airport.

• The airport rents out a total of 21 hangars.
• The airport continued a large taxiway project during 2017, which was primarily funding by federal and state grants. The project is expected to conclude in 2018.
• In 2014 the airport began to sell fuel on site which has become its main revenue source.

Revenue Trends

• Fuel sales income has increased significantly over the past 3 years. The increase from 2015 to 2016 can be attributed to a change in accounting practice. The increase in fuel sales from 2016 to 2017 can be attributed to an increase in total number of gallon sold and the per gallon cost.
• Hangar rental income increased slightly from 2016 to 2017 due to an increase of number of hangars rented out.

Expenditure Trends

• Expenditures have stayed very steady in this fund for multiple straight years.
• Personal Services decreased slightly due to a reduction in snow and ice control labor.
Statement of Revenues, Expenses, and Changes in Net Position

<table>
<thead>
<tr>
<th>AIRPORT FUND</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel Sales</td>
<td>$351,980</td>
<td>$381,068</td>
<td>$414,498</td>
</tr>
<tr>
<td>Hangar Rental Income</td>
<td>$337,618</td>
<td>$337,619</td>
<td>$350,554</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$35,293</td>
<td>$54,143</td>
<td>$40,646</td>
</tr>
<tr>
<td>TOTAL OPERATING REVENUES</td>
<td>$725,980</td>
<td>$772,830</td>
<td>$805,698</td>
</tr>
</tbody>
</table>

| OPERATING EXPENSES    |          |          |          |
| Personal Services     | $220,551 | $232,449 | $217,181 |
| Professional Development | $1,997   | $4,294   | $2,500   |
| Contractual Services  | $94,595  | $94,216  | $103,138 |
| Commodities           | $291,534 | $334,270 | $347,228 |
| Capital Outlay        | -        | $2,251   | -        |
| Depreciation & Amortization | $374,725 | $371,643 | $388,282 |
| TOTAL OPERATING EXPENSES | $983,402 | $1,039,123 | $1,058,329 |

| OPERATING INCOME (LOSS) |          |          |          |
| $257,422 | ($266,293) | ($252,631) |

| NON OPERATING REVENUE (EXPENSES) |          |          |          |
| Investment Income | $690 | $1,004 | $2,377 |
| Interest & Fiscal Charges | ($8,919) | ($7,819) | ($6,618) |
| Gain on Sale of Fixed Assets | - | - | ($33,333) |
| TOTAL NON OPERATING REVENUE (EXPENSES) | ($8,229) | ($6,815) | ($37,574) |

| NET INCOME (LOSS) BEFORE CONTRIBUTIONS |          |          |          |
| ($265,651) | ($273,108) | ($290,205) |

| Grants & Contributions | $21,672 | $1,625,824 | $463,019 |
| Changes in Net Position | ($243,979) | $1,352,719 | $162,814 |
| Net Position January 1 | $19,321,885 | $19,004,586 | $20,357,302 |
| Prior Period Adjustment | ($65,728) | - | - |
| Change in Accounting Principle | ($29,107) | $21,515 | - |
| Net Position December 31 | $18,983,071 | $20,357,302 | $20,520,116 |
DEBT STATUS

The Village has issued several different forms of debt in the past, which has been used to fund significant capital purchases and projects. The Village received a credit rating of Aa2 by Moody’s Investor Services in connection with the issuance of both the 2009 and 2012 General Obligation refunding Bonds. Moody’s defines the Village’s bond rating as “judged to be of high quality and are subject to very low credit risk.” A good credit rating benefits the Village because it would allow the Village to be more attractive and reduce funding costs if the Village were to issue debt.

In 2017, the Village made its final payment on its 2009 General Obligation Refunding Bonds which were issued to advance refund Debt Certificate that was originally issued in 2002 for the purchase of two parcels of land for open space and recreation purposes. In 2018 the Village is debt-free in the General Fund.

In 2012, General Obligation Refunding Bonds were issued to advance refund Debt Certificates that were originally issued in 2003 to finance improvements to the airport and water main replacement program. Principle and interest payments go through 2022.

Rating Scale and Definitions

Moody’s Rating Scale: The following is a ranking (from highest to lowest) of Moody’s long-term and short-term categories. The indicated relationship between long-term and short-term ratings is approximate and may not necessarily apply in all situations.

Moody’s Long-Term Rating Definitions: Moody’s long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa

Obligations rated Aaa are judged to be of the highest quality, with minimal risk.

Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A

Obligations rated A are considered upper-medium-grade and are subject to low credit risk.

Baa

Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics.

Ba

Obligations rated Ba are judged to have speculative elements are subject to substantial credit risk.

B

Obligations rated B are considered speculative and are subject to high credit risk.

Caa

Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca

Obligations rated Ca are highly speculative and are likely in, or very near, default with some prospect of recovery in principal and interest.

C

Obligations rated C are the lowest-rated class of bonds and are typically in default, with little prospect for recovery of principal and interest.

Note: Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.
ABOUT THE PAFR

The Popular Financial Report (PAFR) is intended to provide selected information on the Village’s finance condition in a summarized, easily understandable format.

Comments or suggestions for improving the document should be addressed to:

Village of Lake in the Hills
Finance Department – PAFR
600 Harvest Gate
Lake in the Hills, IL 60156

Or send an e-mail to Shane D. Johnson, Assistant Village Administrator/Finance Director, at sjohnson@lith.org.

This PAFR is based upon the Village’s Comprehensive Annual Financial Report (CAFR). However, the primary focus of the PAFR is the Village’s General Fund, Water Fund, and Airport Fund. These are considered to be the Village’s most significant funds. The Village maintains several other accounting funds. For more complete information on the Village’s finances, see the CAFR at the following address:


The Village does not maintain any component units. The Lake in the Hills Sanitary District is a separate governmental entity.