

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED APRIL 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
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**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
PRINCIPAL OFFICIALS  
APRIL 30, 2021**

**LEGISLATIVE  
VILLAGE BOARD OF TRUSTEES**

Mike Hinrichsen, President

Marty Clinch

Stephanie Chaon

Todd Rice

Dick Hartman

Julia Miller

Jim O'Laughlin

Ann Sasso, Administrator

Cassandra Schlatter, Treasurer

Rich Brecklin, Superintendent of Public Works



## INDEPENDENT AUDITORS' REPORT

Honorable President and Board of Trustees  
Village of Germantown Hills, Illinois

### **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 the Village of Germantown Hills, Illinois, (Village) as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter – Correction of an Error***

As discussed in Note 11 to the financial statements, beginning net position for governmental activities has been restated to correct an error in previously reported liabilities. Additionally, beginning fund balance for the Business District Fund has been restated to correct an error in previously reported liabilities. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that certain pension information and budgetary comparison information on pages 38 through 43 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. The Village has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The consolidated year-end financial report, combining and individual fund financial statements and schedules, and the schedule of assessed valuations, tax extensions, tax distributions, and tax rates as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable President and Board of Trustees  
Village of Germantown Hills, Illinois

The consolidated year-end financial report and the combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Village's basic financial statements for the year ended April 30, 2020, which are not presented with the accompanying financial statements. In our report dated September 21, 2020, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The April 30, 2020 individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the April 30, 2020 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the April 30, 2020 individual fund statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The schedule of assessed valuations, tax extensions, tax distributions, and tax rates has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
August 4, 2021

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash on Hand and in Banks	\$ 1,499,534	\$ 1,614,669	\$ 3,114,203
General Property Tax Receivable	391,183	-	391,183
Receivables - User Fees	-	18,157	18,157
Due from State of Illinois	169,537	-	169,537
Receivables - Other	11,941	-	11,941
Prepaid Items	20,451	2,393	22,844
Restricted Assets - Cash and Cash Equivalents:			
Emergency Services	2,749	-	2,749
Street Lighting	9,658	-	9,658
Liability Insurance	15,216	-	15,216
IEPA Loan Reserves	-	304,098	304,098
Held for Future Sewer System Construction	-	47,311	47,311
Total Restricted Assets	27,623	351,409	379,032
Net Pension Asset	66,599	53,964	120,563
Property and Equipment - at Cost:			
Not Depreciated:			
Land	101,365	208,693	310,058
Depreciated:			
Sewer Plant	-	10,135,952	10,135,952
Intercepting Sewers	-	300,595	300,595
Rehabilitation of Sewer System	-	3,308,415	3,308,415
Building	350,783	47,931	398,714
Infrastructure	2,615,259	-	2,615,259
Equipment	620,833	285,758	906,591
Vehicles	284,927	-	284,927
Total	3,973,167	14,287,344	18,260,511
Less: Accumulated Depreciation	1,560,512	6,018,380	7,578,892
Net Property and Equipment	2,412,655	8,268,964	10,681,619
Total Assets	4,599,523	10,309,556	14,909,079
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount Related to Net Pension Asset	20,193	16,361	36,554

See accompanying Notes to Basic Financial Statements.



**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**APRIL 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts Payable	\$ 184,433	\$ 10,653	\$ 195,086
Accrued Interest	-	16,741	16,741
Accrued Wages Payable	843	696	1,539
User Fees Received in Advance	-	2,758	2,758
Long-Term Liabilities:			
Due Within One Year	91,414	335,313	426,727
Due in More Than One Year	393,366	4,407,337	4,800,703
Total Liabilities	670,056	4,773,498	5,443,554
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Franchise Fees	4,833	-	4,833
Subsequent Year's Property Taxes	390,290	-	390,290
Deferred Amount Related to Net Pension Asset	157,937	127,971	285,908
Total Deferred Inflows of Resources	553,060	127,971	681,031
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,775,319	3,526,314	5,301,633
Restricted for:			
IEPA Loan Debt Service	-	304,098	304,098
Future Sewer System Construction	-	47,311	47,311
Transportation	139,251	-	139,251
Liability Insurance	15,216	-	15,216
Audit	5,272	-	5,272
Retirement	35,033	-	35,033
Business District	90,676	-	90,676
Emergency Services	2,749	-	2,749
Street Lighting	9,658	-	9,658
Pension	66,599	-	66,599
Unrestricted	1,256,827	1,546,725	2,803,552
Total Net Position	\$ 3,396,600	\$ 5,424,448	\$ 8,821,048

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED APRIL 30, 2021**

	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
Governmental Activities:						
General Government	\$ 1,030,199	\$ 288,788	\$ 142,731	\$ (598,680)	\$ -	\$ (598,680)
Public Safety	119,770	13,539	-	(106,231)	-	(106,231)
Highways and Streets	559,766	-	-	(559,766)	-	(559,766)
Interest Expense	16,765	-	-	(16,765)	-	(16,765)
Total Governmental Activities	1,726,500	302,327	142,731	(1,281,442)	-	(1,281,442)
Business-Type Activities:						
Sewer Services	1,040,911	1,157,844	-	-	116,933	116,933
Total Government	<u>\$ 2,767,411</u>	<u>\$ 1,460,171</u>	<u>\$ 142,731</u>	(1,281,442)	116,933	(1,164,509)
General Revenues:						
Property and Mobile Home Taxes				391,669	-	391,669
Road and Bridge Taxes				69,224	-	69,224
Business District Sales Taxes				101,220	-	101,220
Sales, Use, and Video Gaming Taxes				335,341	-	335,341
State Income Taxes				417,205	-	417,205
Replacement Taxes				822	-	822
Motor Fuel Taxes				236,383	-	236,383
Interest				3,856	3,153	7,009
Rent				1,500	-	1,500
Other				4,011	525,000	529,011
Total General Revenues				<u>1,561,231</u>	<u>528,153</u>	<u>2,089,384</u>
<b>CHANGE IN NET POSITION</b>				279,789	645,086	924,875
Net Position - Beginning of Year, as Previously Reported				3,141,710	4,779,362	7,921,072
Prior Period Adjustment				(24,899)	-	(24,899)
Net Position - Beginning of Year, as Restated				<u>3,116,811</u>	<u>4,779,362</u>	<u>7,896,173</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 3,396,600</u>	<u>\$ 5,424,448</u>	<u>\$ 8,821,048</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2021**

	General Fund	Motor Fuel Tax Fund	Other Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash on Hand and in Banks	\$ 1,136,702	\$ 138,789	\$ 224,043	\$ 1,499,534
General Property Tax Receivable	287,183	-	104,000	391,183
Accounts Receivable	11,941	-	-	11,941
Due From State of Illinois	134,441	11,326	23,770	169,537
Prepaid Items	20,451	-	-	20,451
Restricted Assets - Cash:				
Emergency Services	2,749	-	-	2,749
Street Lighting	9,658	-	-	9,658
Liability Insurance	15,216	-	-	15,216
Total Restricted Assets	<u>27,623</u>	<u>-</u>	<u>-</u>	<u>27,623</u>
 Total Assets	 <u>\$ 1,618,341</u>	 <u>\$ 150,115</u>	 <u>\$ 351,813</u>	 <u>\$ 2,120,269</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 98,871	\$ -	\$ 85,562	\$ 184,433
Accrued Wages Payable	843	-	-	843
Total Liabilities	<u>99,714</u>	<u>-</u>	<u>85,562</u>	<u>185,276</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Franchise Fees	4,833	-	-	4,833
Subsequent Year's Property Taxes	286,290	-	104,000	390,290
Total Deferred Inflows of Resources	<u>291,123</u>	<u>-</u>	<u>104,000</u>	<u>395,123</u>
 <b>FUND BALANCE</b>				
Nonspendable	20,451	-	-	20,451
Restricted	27,623	139,251	130,981	297,855
Assigned	-	10,864	31,270	42,134
Unassigned	1,179,430	-	-	1,179,430
Total Fund Balance	<u>1,227,504</u>	<u>150,115</u>	<u>162,251</u>	<u>1,539,870</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,618,341</u>	 <u>\$ 150,115</u>	 <u>\$ 351,813</u>	 <u>\$ 2,120,269</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
APRIL 30, 2021**

Total Fund Balances Governmental Funds	\$	1,539,870
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Net Capital Assets Used in Governmental Activities not Reported in Governmental Funds		2,412,655
Deferred Outflows of Resources for Net Pension Asset		20,193
Deferred Inflows of Resources for Net Pension Asset		(157,937)
Long-Term Liabilities, Including Debt Certificates, Used in Governmental Activities not Reported in Governmental Funds		(484,780)
Long-Term Assets, Including Net Pension Assets, Used in Governmental Activities not Reported in Governmental Funds		<u>66,599</u>
Total Net Position - Governmental Activities	\$	<u><u>3,396,600</u></u>

*See accompanying Notes to Basic Financial Statements.*

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2021**

	General Fund	Motor Fuel Tax Fund	Other Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Property and Mobile Home Taxes	\$ 277,412	\$ -	\$ 114,257	\$ 391,669
Road and Bridge Taxes	69,224	-	-	69,224
Sales, Use, and Video Gaming Taxes	335,341	-	101,220	436,561
State Income Taxes	417,205	-	-	417,205
Replacement Taxes	822	-	-	822
Motor Fuel Taxes	-	236,383	-	236,383
Permits, Licenses, and Franchise Fees	38,394	-	-	38,394
Charges for Services	250,394	-	-	250,394
Grants	142,731	-	-	142,731
Fines	13,539	-	-	13,539
Interest	3,503	267	86	3,856
Rent	1,500	-	-	1,500
Other	499	-	-	499
Total Revenues	<u>1,550,564</u>	<u>236,650</u>	<u>215,563</u>	<u>2,002,777</u>
<b>EXPENDITURES</b>				
Current:				
General Government	886,778	-	102,467	989,245
Public Safety	119,770	-	-	119,770
Highways and Streets	228,429	154,000	-	382,429
Capital Outlay	95,140	-	85,562	180,702
Debt Service:				
Principal	88,753	-	-	88,753
Interest	16,765	-	-	16,765
Total Expenditures	<u>1,435,635</u>	<u>154,000</u>	<u>188,029</u>	<u>1,777,664</u>
Excess of Revenues Over Expenditures	114,929	82,650	27,534	225,113
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Fixed Assets	3,512	-	-	3,512
Operating Transfers In	34,000	-	-	34,000
Operating Transfers Out	-	(34,000)	-	(34,000)
Total Other Financing Sources (Uses)	<u>37,512</u>	<u>(34,000)</u>	<u>-</u>	<u>3,512</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Sources (Uses)	152,441	48,650	27,534	228,625
Fund Balance - Beginning of Year, as Previously Reported	1,075,063	101,465	159,616	1,336,144
Prior Period Adjustment	-	-	(24,899)	(24,899)
Fund Balance - Beginning of Year, as Restated	<u>1,075,063</u>	<u>101,465</u>	<u>134,717</u>	<u>1,311,245</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,227,504</u></u>	<u><u>\$ 150,115</u></u>	<u><u>\$ 162,251</u></u>	<u><u>\$ 1,539,870</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**YEAR ENDED APRIL 30, 2021**

Net Changes in Fund Balance - Total Governmental Funds \$ 228,625

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlay reported as expenditures in the governmental funds, but capitalized with depreciation expense recorded is the activity related to capital assets for the year:

Capital Outlay	\$	180,702	
Gain on Sale of Capital Assets		3,512	
Depreciation Expense		<u>(183,112)</u>	
Net			1,102

Governmental funds report pension contributions as expenditures/income when made. However, in the Statement of Activities, pension expense/income is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred inflows and deferred outflows of resources related to pensions, and the investment experience.

Pension Contributions		21,868	
Pension Expense		<u>(57,046)</u>	
Net			(35,178)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Payments on Debt Certificates		<u>88,752</u>	
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Change in Net Position in Governmental Activities		<u>\$ 279,789</u>	
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**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**SEWER FUND**  
**APRIL 30, 2021**

**ASSETS**

Cash on Hand and in Banks	\$	1,614,669
Receivables - User Fees		18,157
Prepaid Items		2,393
Restricted Assets:		
IEPA Loan Reserves:		
Cash		304,098
Held For Future Sewer System Construction:		
Cash		47,311
Total Restricted Assets		351,409
Net Pension Asset		53,964
Property and Equipment - at Cost:		
Not Depreciated:		
Land		208,693
Depreciated:		
Sewer Plant		10,135,952
Intercepting Sewers		300,595
Rehabilitation of Sewer System		3,308,415
Building		47,931
Equipment		285,758
Total		14,287,344
Less: Accumulated Depreciation		6,018,380
Net Property and Equipment		8,268,964
Total Assets		10,309,556

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Amount Related to Net Pension Asset		16,361
		16,361
Total Assets and Deferred Outflows of Resources		\$ 10,325,917

**LIABILITIES**

Accounts Payable	\$	10,653
Accrued Interest		16,741
Accrued Wages Payable		696
User Fees Received in Advance		2,758
Long-Term Liabilities:		
Due Within One Year		335,313
Due in More than One Year		4,407,337
Total Liabilities		4,773,498

**DEFERRED INFLOWS OF RESOURCES**

Deferred Amount Related to Net Pension Asset		127,971
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See accompanying Notes to Basic Financial Statements.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
STATEMENT OF NET POSITION (CONTINUED)  
SEWER FUND  
APRIL 30, 2021**

**NET POSITION**

Net Investment in Capital Assets	\$ 3,526,314
Restricted for:	
IEPA Loan Debt Service	304,098
Future Sewer System Construction	47,311
Unrestricted	<u>1,546,725</u>
Total Net Position	<u>5,424,448</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 10,325,917</u></u>

*See accompanying Notes to Basic Financial Statements.*



**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**SEWER FUND**  
**YEAR ENDED APRIL 30, 2021**

**OPERATING REVENUES**

User Fees	\$ 1,131,844
Hook-Up Fees	26,000
Total Operating Revenues	1,157,844

Operating Expenses Other Than Depreciation	487,131
Depreciation Expense	446,429
Total Operating Expense	933,560

Operating Income	224,284
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**NONOPERATING REVENUES (EXPENSES)**

Interest Income	3,153
Interest Expense	(107,351)
IEPA Loan Forgiveness	525,000
Total Nonoperating Revenues (Expenses)	420,802

Net Income	645,086
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**CHANGE IN NET POSITION**

645,086

Net Position - Beginning of Year	4,779,362
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<b>NET POSITION - END OF YEAR</b>	<b>\$ 5,424,448</b>
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*See accompanying Notes to Basic Financial Statements.*

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
STATEMENT OF CASH FLOWS  
SEWER FUND  
YEAR ENDED APRIL 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 1,149,037
Cash Payments to Suppliers and Vendors for Goods and Services	(791,887)
Cash Payments to Employees for Services	(185,160)
Net Cash Provided by Operating Activities	171,990

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of Capital Assets	(701,592)
Proceeds from IEPA	600,678
Principal Paid on Loans and Note Payable	(266,026)
Interest Paid on Loans and Note Payable	(97,291)
Net Cash Used by Capital and Related Financing Activities	(464,231)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Income	3,153
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**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(289,088)

**CASH AND CASH EQUIVALENTS**

Beginning of Year	2,255,166
End of Year	\$ 1,966,078

*See accompanying Notes to Basic Financial Statements.*

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
STATEMENT OF CASH FLOWS (CONTINUED)  
SEWER FUND  
YEAR ENDED APRIL 30, 2021**

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$	224,284
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		446,429
Effects of Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables		315
Deferred Outflows of Resources Related to Net Pension Asset		12,036
Accounts Payable		(510,685)
Accrued Wages Payable		(7,305)
Due to Other Funds		(7,976)
User Fees Received in Advance		(1,146)
Net Pension Asset		(8,341)
Deferred Inflows of Resources Related to Net Pension Asset		24,379
Total Adjustments		<u>(52,294)</u>
Net Cash Provided by Operating Activities	\$	<u>171,990</u>

**COMPONENTS OF CASH**

Cash on Hand and in Banks	\$	1,614,669
Restricted Assets:		
IEPA Loan Reserves:		
Cash		304,098
Held for Future Sewer System Construction:		
Cash		<u>47,311</u>
Total Cash	\$	<u>1,966,078</u>

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

IEPA loan Forgiveness	\$	<u>525,000</u>
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**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Germantown Hills, Illinois (Village) is a governmental entity located in Central Illinois. Revenues are substantially generated as a result of taxes assessed and allocated to the Village (examples would be property taxes, sales taxes, business district sales taxes, income taxes, and motor fuel taxes) and charges for services performed for constituents of the Village. Revenues are therefore primarily dependent on the economy within the Village's territorial boundaries. The Village is a residential community with its primary industry being retail.

The basic financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

**Reporting Entity**

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, the Village is a primary government in that it is a village with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The Village has developed criteria to determine whether other entities are component units of the Village. Component units are legally separate organizations for which the elected officials of the Village are financially accountable. The Village would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on the Village, the Village is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the foregoing criteria, there are no component units of the Village nor is the Village dependent on any other entity.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

Government-Wide Statements

The statement of net position and the statement of activities report information on the primary government. These statements distinguish between governmental activities, normally financed through taxes, intergovernmental revenues, and other nonexchange activities and business-type activities, which normally are financed by fees charged to external parties.

The statement of activities presents a comparison of direct expenses and program revenues for each business-type activity or governmental function of the Village. Direct expenses are those associated with a specific function or activity. Program revenues include (a) fees, fines, and charges for services paid by the recipients of the goods or services provided by programs and (b) grants and contributions restricted to meeting the requirement of a particular program. General revenues include all taxes and other revenue not classified as program revenue.

Fund Financial Statements

The fund financial statements provide information about all the Village's funds. Separate financial statements are presented for governmental and proprietary categories. Separate columns are presented for each major governmental and enterprise fund. All remaining governmental funds are combined and reported as nonmajor funds.

The Village reports two major governmental funds:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Motor Fuel Tax Fund – This fund is used to account for the receipt and use of motor fuel taxes.

The Village reports one enterprise fund:

Sewer Fund – to account for the provision of sewer services to users throughout the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Measurement Focus, Basis of Accounting

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions include property taxes, grants, entitlements, and donations. Property taxes are recognized as revenue in the fiscal year for which taxes are levied. Grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements are met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues, such as sewer user charges, services and permits, and other charges result from exchange transactions associated with the principal activity of the Village. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest income, result from nonexchange transactions or ancillary activities. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All other expenses not meeting this definition, such as interest expense, are reported as nonoperating expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Revenues are considered available when they are collected within the current period or within 180 days after year-end, except for property taxes, which must be collected within 60 days to be considered available. Taxes, licenses and permits, and interest are considered susceptible to accrual. Grant revenues are recognized when eligibility requirements are met and related amounts are available from the grantor. Expenditures are reported when the fund liability is incurred, except for principal and interest on general long-term debt that are recognized when due.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Measurement Focus, Basis of Accounting (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are paid to the Village; therefore, revenues are recognized based upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria are met.

**Budgetary Data**

The Village adopts an estimate of revenues and an annual appropriation ordinance which covers the fiscal year ending April 30 for all funds.

Prior to the adoption of the annual appropriation ordinance, the Village Board, at least 10 days prior to such adoption, shall make this proposed appropriation ordinance conveniently available to public inspection and shall hold at least one public hearing thereon. Notice of this hearing shall be given publication in one or more newspapers published locally, at least 10 days prior to the time of the public hearing.

Amendment of the appropriation ordinance would require action similar to the adoption of the original ordinance. No amendment was made during the year.

The estimated revenues and appropriation are on the modified accrual basis. The legal level of control for appropriations is the fund level.

**Cash Equivalents**

For purposes of the statement of cash flows, the Village considers cash and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. At April 30, 2021, there were no cash equivalents.

**Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets (sewer system assets) reported in the governmental and business-type activities of the government-wide financial statements. Capital assets are items with individual costs of \$4,000 or more with useful lives of at least two years. Purchased or constructed capital assets are recorded at cost or estimated historical costs. Donated assets are recorded at estimated acquisition value at the date of donation.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

The cost of normal maintenance and repairs that does not increase the value of the asset is not capitalized.

Depreciation is provided using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Equipment and Vehicles	5 to 10
Infrastructure	20 to 50

**Deferred Outflows of Resources**

The Village reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its statements of net position or combining fund balance sheet. The Village has deferred outflows related to pension expense to be recognized in future periods and for pension contributions made after the measurement dates.

**Deferred Inflows of Resources**

The Village's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The Village will not recognize the related revenue until a future event occurs. The Village has two types of items which occur related to revenue recognition. These occur because property tax receivables and franchise fees received in advance of services are recorded in the current year, but the revenue will be recorded in the subsequent year. The Village also has deferred inflows of resources related to pension expense to be recognized in future periods.

**Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accrued Compensated Absences**

Village employees are annually granted vacation, sick, and personal leave. Sick leave may be accumulated up to 80 days if not used; however, upon separation from employment for any reason, unused sick time is not compensated. Personal leave is forfeited if not used by year-end. Up to two days of vacation leave can be carried forward into the next fiscal year with prior approval.

**Long-Term Liabilities**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Balance Classification**

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**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 Village has classified prepaids as nonspendable fund balance.

**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. The Village has classified state and federal grants as being restricted because their use is restricted by granting agencies. The Village has also classified property, replacement, and motor fuel taxes as being restricted because their use is restricted by state laws and regulations.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Classification (Continued)**

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Village Board. These amounts cannot be used for any other purpose unless the Village 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. The Village currently has no funds committed by the Village Board.

Assigned

This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Village Board or through the Village Board delegating this responsibility to a Council member or the Treasurer 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 includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Village 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.

**Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of April 30, 2021, there were no unspent debt proceeds. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. The Village's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the Village on the following January 1. Normally, taxes are due and payable in two installments in June and September at the County Collector's office. Sale of taxes on any uncollected amounts is prior to November 30 or shortly thereafter by the County Collector's office. Final distribution to all taxing bodies is usually made no later than the first quarter of the next calendar year by the County Collector's office.

The 2019 tax levy is reflected as revenue in fiscal year 2021 to the extent available. Distributions of objected, forfeited, and mobile home taxes are recognized by the Village as revenue in the year of distribution since collection is questionable.

The 2020 tax levy is not recognized as revenue because the taxes are considered to be levied to finance the next fiscal year. The 2020 tax levy is recorded as general property taxes receivable and related deferred inflows of resources at April 30, 2021.

**NOTE 3 CASH**

The Village maintains cash balances separately in each fund. The cash balances include savings and money market accounts.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned to it. As of April 30, 2021, \$663,175 of the Village's bank balance of \$913,175 was uninsured and exposed to custodial credit risk.

The Village is authorized to invest as allowed under the Illinois Compiled Statutes. These include (a) interest-bearing savings accounts and certificates of deposits, (b) bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, and (c) short-term discount obligations of the Federal National Mortgage Association. The Village had no investments as of April 30, 2021.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2021**

**NOTE 3 CASH (CONTINUED)**

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Illinois Funds is rated AAAM. State law limits investments as described above. The Village has no investment policy that would further limit its investment choices.

Investments in Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at \$1 per share value, which equals the Village's fair value of the pool.

	Bank Balance	Book Balance
Illinois Funds	\$ 2,597,557	\$ 2,580,159
Financial Institutions	913,175	913,076
Total	\$ 3,510,732	\$ 3,493,235

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the governmental activities for the year ended April 30, 2021 was as follows:

	May 1, 2020	Additions	Deductions	April 30, 2021
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 101,365	\$ -	\$ -	\$ 101,365
Capital Assets Being Depreciated:				
Building	350,783	-	-	350,783
Infrastructure	2,511,497	103,762	-	2,615,259
Equipment	543,893	76,940	-	620,833
Vehicles	284,927	-	-	284,927
Total Capital Assets Being Depreciated	3,691,100	180,702	-	3,871,802
Less: Accumulated Depreciation	1,377,400	183,112	-	1,560,512
Total Capital Assets Being Depreciated, Net	2,313,700	(2,410)	-	2,311,290
Governmental Activities Capital Assets, Net	\$ 2,415,065	\$ (2,410)	\$ -	\$ 2,412,655

Depreciation expense was charged to functions/programs as follows:

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Governmental Activities:				
General Government	\$	21,531		
Highway and Streets		161,581		
Total Depreciation Expense - Governmental Activities	\$	<u>183,112</u>		
	<u>May 1,</u>	<u>Additions</u>	<u>Deductions</u>	<u>April 30,</u>
	2020			2021
Business-Type Activities -				
Sewer Services:				
Capital Assets not Being				
Depreciated:				
Land	\$ 208,693	\$ -	\$ -	\$ 208,693
Construction in Progress	4,484,304	789,655	5,273,959	-
Total Capital Assets not				
Being Depreciated	4,692,997	789,655	5,273,959	208,693
Capital Assets Being Depreciated:				
Sewer Plant	4,851,880	5,284,072	-	10,135,952
Intercepting Sewers	300,595	-	-	300,595
Rehabilitation Sewer System	3,308,415	-	-	3,308,415
Building	47,931	-	-	47,931
Equipment	259,161	26,596	-	285,757
Total Capital Assets Being				
Depreciated	8,767,982	5,310,668	-	14,078,650
Less: Accumulated Depreciation	5,571,950	446,429	-	6,018,379
Total Capital Assets Being				
Depreciated, Net	3,196,032	4,864,239	-	8,060,271
Business-Type Activities Capital				
Assets, Net	<u>\$ 7,889,029</u>	<u>\$ 5,653,894</u>	<u>\$ 5,273,959</u>	<u>\$ 8,268,964</u>

**NOTE 5 IEPA LOANS PAYABLE**

On May 3, 2005, the Village signed a loan agreement with the Illinois Environmental Protection Agency (IEPA) for \$1,461,400 with an interest rate of 2.5% due in semi-annual payments of \$47,574, beginning October 2007 through October 2026. The purpose of the loan was for paying a portion of the cost of constructing, improving, and installing improvements to the Village's sewage treatment plant.

The sewer loan ordinance related to the above loan requires monies held in the Sewer Enterprise Fund to be segregated and restricted in special restricted accounts as follows:

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 5 IEPA LOANS PAYABLE (CONTINUED)**

<u>Account</u>	<u>Description and Amount</u>	<u>Nature of Authorized Expenditures</u>
(a) Operation and Maintenance	Amount sufficient to pay the reasonable expenses of operation, maintenance, and repair of the Sewer Enterprise Fund. A separate account has not been established.	Expenses of operating, maintaining, and repairing the system.
(b) Bond Interest and Principal	A fractional amount (not less than 1/12th) of the principal and/or interest becoming due on the next succeeding principal and/or interest payment date. As of April 30, 2021, \$55,503 has been accumulated.	Paying current principal and interest on loan.
(c) Bond Reserve	Amount equal to 1/24th of the maximum annual debt service until the amount aggregates an amount equal to the highest future principal and interest in any fiscal year. As of April 30, 2021, \$95,148 has been accumulated.	Paying principal and interest on loan in the event that the bond and interest account has sufficient funds.
(d) Depreciation Account	Amount that equals 1/120th of 10% of the aggregate principal amount of the bonds outstanding until the balance accumulates the total sum of 10% of the outstanding principal balance of the loan. As of April 30, 2021, \$153,447 has been accumulated.	Paying the cost of extraordinary maintenance, necessary repairs, replacements, and contingencies and for paying principal and interest in the event no other funds are available.
(e) Surplus	The amount remaining after payment into the above accounts. This is accounted for as the remainder of the unrestricted funds of the Sewer Enterprise Fund.	Constructing or acquiring repairs, improvements, or extensions to the system, calling or redeeming bonds, or any other lawful purpose of the system.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 5 IEPA LOANS PAYABLE (CONTINUED)**

On December 20, 2013, the Village signed a loan agreement with the IEPA for \$1,966,706 with an interest rate of 1.995% due in semi-annual payments beginning July 1, 2015. The purpose of the loan was for paying a portion of the cost of constructing, improving, and extending the Village's sewerage system facilities. At April 30, 2015, \$1,739,987 had been drawn down on the loan. The project was scheduled to be completed July 2015, at which time the loan would enter repayment. However, the project was not completed until February 2016. On February 26, 2016, the loan agreement was adjusted to \$1,958,507, based on final reported costs, with an interest rate of 1.995% due in semi-annual payments beginning August 2015 through February 2035. There are no restriction requirements related to this loan.

On April 18, 2019, the Village signed a loan agreement with the IEPA for \$3,500,000 with an interest rate of 1.84% due in semi-annual payments beginning September 1, 2020. The purpose of the loan was for constructing an overflow trunk sewer for WWTP #1 to WWTP #2 to allow high flows to be diverted and prevent overflow at WWTP #1. The project also includes construction of a new influent pump station and screen at WWTP #2. At April 30, 2021, \$3,500,000 had been drawn down on the loan. The project was scheduled to be completed in March 2020, at which time the loan would enter repayment. However, the project was not completed until October 2020. On October 19, 2020, the loan agreement was adjusted to \$2,975,000, based on \$525,000 loan forgiveness, with an interest rate of 1.84% due in semi-annual payments beginning February 2021 through February 2040. There are no restriction requirements related to this loan.

**NOTE 6 SUMMARY OF LONG-TERM DEBT**

**Governmental Activities**

The notes payable from direct borrowings at April 30, 2021 comprise of general obligation debt certificates. During fiscal year 2016, the Village issued general obligation debt certificates, series 2016 in the amount of \$237,485 for the purpose of funding the Anker Lane improvement as well as various other capital costs. This issuance was in the form of an installment purchase agreement dated March 1, 2016. An additional \$627,515 of certificates were issued during fiscal year 2017.

The Village's outstanding note payable from direct borrowings of \$484,780 contains a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment.

A description of the debt certificates payable as of April 30, 2021 is as follows:

General Obligation Debt Certificates:  
\$865,000 Series 2016 Debt Certificates  
Due in Semi-Annual Principal Installments  
Ranging From \$39,611 to \$51,969 in Years  
2017 Through 2026, Interest Rate Fixed at  
3.04%.

\$484,780

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2021**

**NOTE 6 SUMMARY OF LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

The annual requirements to amortize all debt outstanding at April 30, 2021 are as follows:

<u>Year Ending April 30.</u>	Governmental Activities Note Payable from Direct Borrowings		
	Principal	Interest	Total
	2022	\$ 91,414	\$ 14,086
2023	94,233	11,285	105,518
2024	97,119	8,399	105,518
2025	100,094	5,424	105,518
2026	101,920	2,358	104,278
Total	\$ 484,780	\$ 41,552	\$ 526,332

The following is a summary of long-term debt transactions of the Village for the year ended April 30, 2021:

	Debt Certificates Payable
Long-Term Debt at April 30, 2020	\$ 573,532
Reduction - Payments on Debt	88,752
Long-Term Debt at April 30, 2021	484,780
Due in One Year	91,414
Due in More than One Year	\$ 393,366

**Business-Type Activities**

On September 1, 2011, the Village obtained a direct financing bank loan for \$700,000 with an interest rate of 3.5% due in semi-annual payments of \$41,876, beginning February 2012 through August 2021. The purpose of the loan was for sewer capital improvements.

The annual requirements to amortize all debt outstanding at April 30, 2021 are as follows:

<u>Year Ending April 30.</u>	IEPA Loans Payable				
	2005 Loan	2015 Loan	2019 Loan	Interest	Total
	2022	\$ 83,514	\$ 79,353	\$ 130,933	\$ 92,426
2023	85,615	80,856	133,353	84,049	383,873
2024	87,769	82,477	135,818	77,809	383,873
2025	89,977	84,131	138,329	71,437	383,874
2026	92,240	85,817	140,886	64,929	383,872
2027-2031	46,986	455,596	744,468	244,148	1,491,198
2032-2036	-	398,475	815,865	125,142	1,339,482
2037-2040	-	-	708,679	29,653	738,332
Total	\$ 486,101	\$ 1,266,705	\$ 2,948,331	\$ 789,593	\$ 5,490,730

  

<u>Year Ending April 30.</u>	Note Payable from Direct Borrowings			Total Long-Term Debt		
	Principal	Interest	Total	Principal	Interest	Total
	2022	\$ 41,513	\$ 424	\$ 41,937	\$ 335,313	\$ 92,850
2023	-	-	-	299,824	84,049	383,873
2024	-	-	-	306,064	77,809	383,873
2025	-	-	-	312,437	71,437	383,874
2026	-	-	-	318,943	64,929	383,872
2027-2031	-	-	-	1,247,050	244,148	1,491,198
2032-2036	-	-	-	1,214,340	125,142	1,339,482
2037-2040	-	-	-	708,679	29,653	738,332
Total	\$ 41,513	\$ 424	\$ 41,937	\$ 4,742,650	\$ 790,017	\$ 5,532,667



**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2021**

**NOTE 6 SUMMARY OF LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities (Continued)**

The following is a summary of long-term debt transactions of the Village for the year ended April 30, 2021:

	IEPA Loans Payable	Direct Financing Bank Note Payable	Total Long-Term Debt
Long-Term Debt at April 30, 2020	\$ 4,811,300	\$ 121,695	\$ 4,932,995
Proceeds from New Debt	600,678	-	600,678
Reduction - Debt Adjustment	710,841	80,182	791,023
Long-Term Debt at April 30, 2021	4,701,137	41,513	4,742,650
Due in One Year	293,800	41,513	335,313
Due in More than One Year	<u>\$ 4,407,337</u>	<u>\$ -</u>	<u>\$ 4,407,337</u>

The Sewer Fund, a proprietary fund, provides resources to retire the IEPA loan.

The Village's outstanding note from direct financing of \$41,513 is secured by security documents and contains a provision that in the event of default, outstanding amounts become immediately due, including all accrued unpaid interest.

**Statutory Debt Limitation**

Illinois Compiled Statutes limit the amount of indebtedness the Village may have outstanding to 8.625% of the assessed value of all property located within the limits of the Village. At April 30, 2021, the Village had debt of \$526,379 incurred against this limit of \$7,284,849 providing a debt margin of \$6,758,470.

**NOTE 7 REQUIRED INDIVIDUAL FUND DISCLOSURES**

Accounting principles generally accepted in the United States of America require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

- (a) During the fiscal year, the Motor Fuel Tax Fund transferred \$34,000 to the General Fund which was for reimbursements by the Motor Fuel Tax Fund to the General Fund.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 8 PENSION PLAN**

**Plan Description**

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiemployer 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 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 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 (reduced benefits) or after age 67 (at full benefits) with 10 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 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.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2021**

**NOTE 8 PENSION PLAN (CONTINUED)**

**Employees Covered by Benefit Terms**

As of December 31, 2020, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	7
Active Plan Members	7
Total	20

**Contributions**

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar years 2020 and 2021 were 9.14% and 8.31%, respectively. For the fiscal year ended April 30, 2021, the Village contributed \$40,467 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits are set by statute.

**Net Pension Liability (Asset)**

The Village's net pension liability (asset) was measured as of December 31, 2020. The total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to net pension liability (asset) 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 2017-2019.
- The IMRF-specific rates for Mortality (for nondisabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 8 PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

- 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 nondisabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension of 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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37 %	5.00%
International Equities	18	6.00%
Fixed Income	28	1.30%
Real Estate	9	6.20%
Alternatives	7	
Private Equity	N/A	6.95%
Commodities	N/A	2.85%
Cash Equivalents	1	0.70%
Total	<u>100 %</u>	

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 8 PENSION PLAN (CONTINUED)**

**Single Discount Rate**

A single discount rate of 7.25% was used to measure the total pension liability (asset). 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%.

**Changes in the Net Pension Liability (Asset)**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances - December 31, 2019	\$ 1,654,394	\$ 1,755,505	\$ (101,111)
Changes for the Year:			
Service Cost	40,111	-	40,111
Interest on Total Pension Liability	119,753	-	119,753
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(20,994)	-	(20,994)
Changes of Assumptions	(15,605)	-	(15,605)
Contributions - Employer	-	37,332	(37,332)
Contributions - Employee	-	41,288	(41,288)
Investment Income	-	250,681	(250,681)
Benefit Payments, including Refunds			
of Employee Contributions	(43,261)	(43,261)	-
Administrative Expenses	-	(1,177)	1,177
Other (Net Transfer)	-	(185,407)	185,407
Net Changes	80,004	99,456	(19,452)
Balances - December 31, 2020	<u>\$ 1,734,398</u>	<u>\$ 1,854,961</u>	<u>\$ (120,563)</u>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 8 PENSION PLAN (CONTINUED)**

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the plan's net pension liability (asset), 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:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 124,960	\$ (120,563)	\$ (316,701)

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

For the year ended April 30, 2021, the Village recognized pension expense of \$103,720. At April 30, 2021 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences Between Expected and Actual Experience	\$ 1,988	\$ 69,477
Changes in Assumptions	19,726	21,013
Net Difference Between Projected and Actual	-	195,418
 Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	 21,714	 285,908
 <i>Pension Contributions Made Subsequent to the Measurement Date</i>	 14,840	 -
 Total Deferred Amounts Related to Pensions	 <u>\$ 36,554</u>	 <u>\$ 285,908</u>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2021**

**NOTE 8 PENSION PLAN (CONTINUED)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)**

\$14,840 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended April 30, 2022.

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:

<u>Year Ending December 31,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2021	\$ 12,970	\$ 111,193
2022	8,744	78,636
2023	-	68,455
2024	-	27,624
Total	<u>\$ 21,714</u>	<u>\$ 285,908</u>

**NOTE 9 NET POSITION/FUND BALANCE**

The fund balances are considered nonspendable for the following purposes at April 30, 2021:

Prepaid Items	<u>\$ 20,451</u>
---------------	------------------

The fund balances are restricted for the following purposes at April 30, 2021:

Highways and Streets	\$ 148,909
Liability Insurance	15,216
Retirement	35,033
Audit	5,272
Business District	90,676
Public Safety	2,749
Total	<u>\$ 297,855</u>

The fund balances are assigned for the following purposes at April 30, 2021:

Highways and Streets	\$ 10,864
Audit	11,120
Retirement	20,150
Total	<u>\$ 42,134</u>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**NOTE 10 RISK MANAGEMENT**

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and net income losses.

Since February 1987, the Village has been a member of the Illinois Municipal League Risk Management Association (IMLRMA), a joint risk management pool of municipalities through which property, general liability, automobile liability, crime, boiler and machinery, public officials, and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. Members have a contractual obligation to fund any deficits of IMLRMA attributable to a membership year during which they were a member. At April 30, 2021, the Village is not due any refunds or credits on coverage contributions. Settled claims have not exceeded coverage in any of the past three fiscal years.

**NOTE 11 RESTATEMENT OF NET POSITION/FUND BALANCE**

During the fiscal year 2021, the Village discovered an error in the accounts payable balance as of April 30, 2020. The net position for governmental activities and the fund balance for the Business District Fund for the year ended April 30, 2020 were overstated by \$24,899. Beginning net position/fund balance has been restated as follows:

	Governmental Activities
Net Position - Beginning of Year, as Previously Reported	\$ 3,141,710
Adjustment for Accounts Payable	(24,899)
Net Position - Beginning of Year, as Restated	\$ 3,116,811
	Nonmajor Governmental Funds
Fund Balance - Beginning of Year, as Previously Reported	\$ 159,616
Adjustment for Accounts Payable	(24,899)
Fund Balance - Beginning of Year, as Restated	\$ 134,717

**NOTE 12 RISKS AND UNCERTAINTIES**

The World Health Organization has declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Village, COVID-19 may impact various parts of its 2022 operations and financial results. Management believes the Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated.



**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND –  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
(UNAUDITED)  
APRIL 30, 2021  
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

Calendar Year Ended December 31,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service Cost	\$ 40,111	\$ 38,139	\$ 36,973	\$ 37,837	\$ 35,211	\$ 37,445
Interest on Total Pension Liability	119,753	113,567	112,806	107,456	93,255	85,511
Difference Between Expected and Actual Experience	(20,994)	(27,507)	(106,232)	3,605	87,199	4,414
Assumption Changes	(15,605)	-	52,672	(49,389)	(4,404)	1,909
Benefit Payments and Refunds	(43,261)	(38,790)	(30,080)	(25,433)	(27,654)	(16,355)
Net Change in Total Pension Liability	<u>80,004</u>	<u>85,409</u>	<u>66,139</u>	<u>74,076</u>	<u>183,607</u>	<u>112,924</u>
Total Pension Liability - Beginning	1,654,394	1,568,985	1,502,846	1,428,770	1,245,163	1,132,239
Total Pension Liability - Ending (A)	<u>\$ 1,734,398</u>	<u>\$ 1,654,394</u>	<u>\$ 1,568,985</u>	<u>\$ 1,502,846</u>	<u>\$ 1,428,770</u>	<u>\$ 1,245,163</u>
<b>Plan Fiduciary Net Position</b>						
Employer Contributions	\$ 37,332	\$ 46,025	\$ 50,096	\$ 43,480	\$ 40,246	\$ 37,316
Employee Contributions	41,288	40,396	33,196	30,020	28,400	23,711
Investment Income	250,681	259,910	28,803	174,875	80,463	(15,517)
Benefit Payments and Refunds	(43,261)	(38,790)	(30,080)	(25,433)	(27,654)	(16,355)
Other	(186,584)	(1,318)	(732)	(942)	(1,195)	(36)
Net Change in Plan Fiduciary Net Position	<u>99,456</u>	<u>306,223</u>	<u>81,283</u>	<u>222,000</u>	<u>120,260</u>	<u>29,119</u>
Plan Fiduciary Net Position, Beginning	1,755,505	1,449,282	1,367,999	1,145,999	1,025,739	996,620
Plan Fiduciary Net Position, Ending (B)	<u>\$ 1,854,961</u>	<u>\$ 1,755,505</u>	<u>\$ 1,449,282</u>	<u>\$ 1,367,999</u>	<u>\$ 1,145,999</u>	<u>\$ 1,025,739</u>
Net Pension Liability (Asset), Ending (A) - (B)	\$ (120,563)	\$ (101,111)	\$ 119,703	\$ 134,847	\$ 282,771	\$ 219,424
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.95%	106.11%	92.37%	91.03%	80.21%	82.38%
Covered Valuation Payroll	\$ 408,477	\$ 394,775	\$ 384,839	\$ 366,921	\$ 346,052	\$ 325,619
Net Pension Liability as a Percentage of Covered Valuation Payroll	-29.52%	-25.61%	31.10%	36.75%	81.71%	67.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND –  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)  
APRIL 30, 2021  
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2021	\$ 37,332	\$ 40,467	\$ 3,135	\$ 417,051	9.70%
2020	46,025	53,367	7,342	394,775	13.52%
2019	50,096	48,602	(1,494)	384,839	12.63%
2018	43,480	45,468	1,988	365,544	12.44%
2017	37,316	41,387	4,071	355,335	11.65%
2016	40,246	38,957	(1,289)	335,654	11.61%

Additional years will be added to this schedule until 10 years of data is presented.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – ESTIMATED**  
**REVENUES, APPROPRIATION, AND ACTUAL – GENERAL FUND**  
**(UNAUDITED)**  
**YEAR ENDED APRIL 30, 2021**  
**WITH COMPARATIVE FIGURES FOR YEAR ENDED APRIL 30, 2020**

	2021		2020 Actual
	Original and Final Estimated Revenue and Appropriation	Actual	
Property and Mobile Home Taxes	\$ 277,138	\$ 277,412	\$ 282,205
Road and Bridge Taxes	72,000	69,224	71,272
Sales, Use, and Video Gaming Taxes	281,500	335,341	296,194
State Income Taxes	300,000	417,205	338,247
Replacement Taxes	600	822	983
Permits, Licenses, and Franchise Fees	39,220	38,394	34,828
Charges for Services	245,000	250,394	244,024
Grants	-	142,731	99,097
Fines	10,000	13,539	10,455
Interest	18,000	3,503	18,260
Rent	100	1,500	1,500
Other	500	499	-
Total Revenues	1,244,058	1,550,564	1,397,065
<b>EXPENDITURES</b>			
Wages	271,720	237,300	237,258
General, Liability, Workman's Compensation, and Unemployment Compensation Insurance	92,200	31,400	27,495
Health Insurance	68,000	65,110	65,943
Repairs, Maintenance, and Supplies	80,000	197,157	57,845
Street Maintenance	170,000	177,429	204,383
Snow Removal	20,000	20,858	20,635
Garbage Disposal	260,000	240,791	231,589
Sewer Fee	500	-	-
Utilities and Telephone	26,000	12,704	12,729
Street Lighting	30,000	6,087	8,068
Rent	2,000	-	-
Office Supplies and Postage	10,500	2,007	2,763
Advertising, Printing, and Publications	6,000	1,490	2,169
Professional Fees	60,000	50,691	39,225
Animal Control	500	-	-
Travel and Training	4,000	104	1,614
Police Protection	130,000	115,980	80,108
Uniforms	2,500	862	1,142
Civil Defense	15,000	3,790	965
Gas and Oil	15,000	5,241	10,001
Capital Improvements	225,000	103,552	48,612
Debt Service	110,000	105,518	105,518
Engineering	60,000	51,000	9,525
Contingencies and Other	37,000	6,564	31,960
Total Expenditures	1,695,920	1,435,635	1,199,547
Excess (Deficiency) of Revenues Over Expenditures	(451,862)	114,929	197,518

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – ESTIMATED  
REVENUES, APPROPRIATION, AND ACTUAL – GENERAL FUND (CONTINUED)  
(UNAUDITED)  
YEAR ENDED APRIL 30, 2021  
WITH COMPARATIVE FIGURES FOR YEAR ENDED APRIL 30, 2020**

	2021		2020 Actual
	Original and Final Estimated Revenue and Appropriation	Actual	
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Sale of Fixed Assets	\$ -	\$ 3,512	\$ -
Operating Transfers In	-	34,000	-
Operating Transfers Out	-	-	(6,774)
Total Other Financing Sources (Uses)	<u>-</u>	<u>37,512</u>	<u>(6,774)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$ (451,862)</u>	152,441	190,744
Fund Balance - Beginning of Year		<u>1,075,063</u>	<u>884,319</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 1,227,504</u>	<u>\$ 1,075,063</u>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**MOTOR FUEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – ESTIMATED**  
**REVENUES, APPROPRIATION, AND ACTUAL**  
**(UNAUDITED)**  
**YEAR ENDED APRIL 30, 2021**  
**WITH COMPARATIVE FIGURES FOR YEAR ENDED APRIL 30, 2020**

	2021		
<b>REVENUES</b>	Original and Final Estimated Revenues and Appropriation	Actual	2020 Actual
Motor Fuel Taxes	\$ 125,000	\$ 236,383	\$ 126,868
Interest	600	267	614
Total Revenues	125,600	236,650	127,482
<b>EXPENDITURES</b>			
Street Maintenance	300,000	154,000	70,000
Rental of Equipment	5,000	-	-
Engineering	35,000	-	-
Total Expenditures	340,000	154,000	70,000
Excess (Deficiency) of Revenues Over Expenditures	(214,400)	82,650	57,482
<b>OTHER FINANCING SOURCES</b>			
Operating Transfers Out	-	(34,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	\$ (214,400)	48,650	57,482
Fund Balance - Beginning of Year		101,465	43,983
<b>FUND BALANCE - END OF YEAR</b>		\$ 150,115	\$ 101,465

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**APRIL 30, 2021**

**NOTE 1 BASIS OF ACCOUNTING**

The Village of Germantown Hills, Illinois budget is prepared on the modified accrual basis for all budgeted funds, including the major funds, General Fund and Motor Fuel Tax Fund, as presented in the Required Supplementary Information.

**NOTE 2 SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2020 CONTRIBUTION RATE**

***Valuation Date:***

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:**

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	Twenty three-year closed period
<i>Asset Valuation Method:</i>	Five-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.25%
<i>Retirement Age:</i>	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 to 2016.
<i>Mortality:</i>	RP-2017 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. The IMRF specific rates were developed from the RP-2017 Employee 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).

***Other Information:***

Notes: There were no benefit changes during the year.

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

**SUPPLEMENTARY INFORMATION**



**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
CONSOLIDATED YEAR-END FINANCIAL REPORT  
APRIL 30, 2021**

CSFA Number	Program Name	State	Federal	Other	Total
420-00-2433	Local Coronavirus Urgent Remediation Emergency	\$ -	\$ 141,828	\$ -	\$ 141,828
420-99-1877	Creation of a Town Square	903	-	-	903
494-00-1488	Motor Fuel Tax Program	154,000	-	-	154,000
	All Other Costs Not Allocated	-	-	2,470,680	2,470,680
	Total	<u>\$ 154,903</u>	<u>\$ 141,828</u>	<u>\$ 2,470,680</u>	<u>\$ 2,767,411</u>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
APRIL 30, 2021**

	Illinois Municipal Retirement Fund	Social Security Fund	Audit Fund	Business District Fund	Total
<b>ASSETS</b>					
Cash on Hand and in Banks	\$ 42,852	\$ 12,331	\$ 16,392	\$ 152,468	\$ 224,043
General Property Tax Receivable	46,000	38,000	20,000	-	104,000
Due from State of Illinois	-	-	-	23,770	23,770
<b>Total Assets</b>	<b>\$ 88,852</b>	<b>\$ 50,331</b>	<b>\$ 36,392</b>	<b>\$ 176,238</b>	<b>\$ 351,813</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ 85,562	\$ 85,562
Deferred Inflows of Resources:					
Subsequent Year's Property Taxes	46,000	38,000	20,000	-	104,000
Fund Balance:					
Restricted for:					
Audit	-	-	5,272	-	5,272
Retirement	30,289	4,744	-	-	35,033
Business District	-	-	-	90,676	90,676
Assigned for:					
Audit	-	-	11,120	-	11,120
Retirement	12,563	7,587	-	-	20,150
Unassigned	-	-	-	-	-
Fund Balance	42,852	12,331	16,392	90,676	162,251
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 88,852</b>	<b>\$ 50,331</b>	<b>\$ 36,392</b>	<b>\$ 176,238</b>	<b>\$ 351,813</b>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
YEAR ENDED APRIL 30, 2021**

	Illinois Municipal Retirement Fund	Social Security Fund	Audit Fund	Business District Fund	Total
<b>REVENUES</b>					
Property and Mobile Home Taxes	\$ 53,084	\$ 38,086	\$ 23,087	\$ -	\$ 114,257
Sales Taxes	-	-	-	101,220	101,220
Interest	6	5	2	73	86
Total Revenues	<u>53,090</u>	<u>38,091</u>	<u>23,089</u>	<u>101,293</u>	<u>215,563</u>
<b>EXPENDITURES</b>					
Illinois Municipal Retirement	37,244	-	-	-	37,244
Social Security and Medicare	-	33,347	-	-	33,347
Professional Fees	-	-	21,734	-	21,734
Business District Development	-	-	-	95,704	95,704
Total Expenditures	<u>37,244</u>	<u>33,347</u>	<u>21,734</u>	<u>95,704</u>	<u>188,029</u>
Excess of Revenues Over Expenditures	15,846	4,744	1,355	5,589	27,534
Fund Balance - Beginning of Year, as Previously Reported	27,006	7,587	15,037	109,986	159,616
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,899)</u>	<u>(24,899)</u>
Fund Balance - Beginning of Year, as Restated	<u>27,006</u>	<u>7,587</u>	<u>15,037</u>	<u>85,087</u>	<u>134,717</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 42,852</u></u>	<u><u>\$ 12,331</u></u>	<u><u>\$ 16,392</u></u>	<u><u>\$ 90,676</u></u>	<u><u>\$ 162,251</u></u>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – ESTIMATED REVENUES,  
APPROPRIATION, AND ACTUAL  
YEAR ENDED APRIL 30, 2021  
WITH COMPARATIVE FIGURES FOR YEAR ENDED APRIL 30, 2020**

	2021		
	Original and Final Estimated Revenues and Appropriation	Actual	2020 Actual
<b>REVENUES</b>			
Property and Mobile Home Taxes	\$ 53,000	\$ 53,084	\$ 51,946
Interest	-	6	41
Miscellaneous	-	-	12,454
Total Revenues	53,000	53,090	64,441
<b>EXPENDITURES</b>			
Illinois Municipal Retirement	70,000	37,244	43,294
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,000)	15,846	21,147
Fund Balance - Beginning of Year		27,006	5,859
<b>FUND BALANCE - END OF YEAR</b>		\$ 42,852	\$ 27,006

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
SOCIAL SECURITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE (DEFICIT) – ESTIMATED REVENUES,  
APPROPRIATION, AND ACTUAL  
YEAR ENDED APRIL 30, 2021  
WITH COMPARATIVE FIGURES FOR YEAR ENDED APRIL 30, 2020**

	2021		
	Original and Final Estimated Revenues and Appropriation	Actual	2020 Actual
<b>REVENUES</b>			
Property and Mobile Home Taxes	\$ 38,000	\$ 38,086	\$ 34,977
Interest	-	5	27
Miscellaneous	-	-	4,436
Total Revenues	38,000	38,091	39,440
<b>EXPENDITURES</b>			
Social Security and Medicare	45,000	33,347	31,575
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,000)	4,744	7,865
Fund Balance (Deficit) - Beginning of Year		7,587	(278)
<b>FUND BALANCE - END OF YEAR</b>		\$ 12,331	\$ 7,587

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
 AUDIT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE – ESTIMATED REVENUES,  
 APPROPRIATION, AND ACTUAL  
 YEAR ENDED APRIL 30, 2021  
 WITH COMPARATIVE FIGURES FOR YEAR ENDED APRIL 30, 2020**

	2021		
	Original and Final Estimated Revenues and Appropriation	Actual	2020 Actual
<b>REVENUES</b>			
Property and Mobile Home Taxes	\$ 23,000	\$ 23,087	\$ 21,991
Interest	-	2	17
Miscellaneous	-	-	11,074
Total Revenues	23,000	23,089	33,082
<b>EXPENDITURES</b>			
Professional Fees	30,000	21,734	22,975
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,000)	1,355	10,107
Fund Balance - Beginning of Year		15,037	4,930
<b>FUND BALANCE - END OF YEAR</b>		\$ 16,392	\$ 15,037

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
BUSINESS DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – ESTIMATED REVENUES,  
APPROPRIATION, AND ACTUAL  
YEAR ENDED APRIL 30, 2021  
WITH COMPARATIVE FIGURES FOR YEAR ENDED APRIL 30, 2020**

	2021		
<b>REVENUES</b>	Original and Final Estimated Revenues and Appropriation	Actual	2020 Actual
Business District Sales Taxes	\$ -	\$ 101,220	\$ 105,286
Interest	-	73	153
Total Revenues	-	101,293	105,439
<b>EXPENDITURES</b>			
Professional Fees	75,000	-	20,811
Business District Development	200,000	95,704	-
Total Expenditures	275,000	95,704	20,811
Excess (Deficiency) of Revenues Over Expenditures	\$ (275,000)	5,589	84,628
Fund Balance - Beginning of Year, as Previously Reported		109,986	25,358
Prior Period Adjustment		(24,899)	-
Fund Balance - Beginning of Year, as Restated		85,087	25,358
<b>FUND BALANCE - END OF YEAR</b>		<b>\$ 90,676</b>	<b>\$ 109,986</b>

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS**  
**SCHEDULE OF ASSESSED VALUATIONS, TAX EXTENSIONS, TAX**  
**DISTRIBUTIONS, AND TAX RATES**  
**TAX YEARS 2020, 2019, AND 2018 (UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>ASSESSED VALUATION</b>	<u>\$ 84,462,019</u>	<u>\$ 84,233,806</u>	<u>\$ 86,729,171</u>
General	.2267	.2190	.2231
Liability Insurance	.0296	.0297	.0289
Police Protection	.0746	.0689	.0635
Social Security	.0450	.0452	.0404
Street Lighting	.0083	.0107	.0093
Audit	.0237	.0274	.0254
Illinois Municipal Retirement (IMRF)	.0545	.0630	.0600
Emergency Services & Disaster Agency (ESDA)	.0009	.0009	.0009
Total	<u>.4633</u>	<u>.4648</u>	<u>.4515</u>
<b>TAX EXTENSIONS</b>			
General	\$ 191,475	\$ 184,472	\$ 193,493
Liability Insurance	25,001	25,018	25,065
Police Protection	63,009	58,037	55,073
Social Security	38,008	38,074	35,039
Street Lighting	7,010	9,013	8,066
Audit	20,018	23,080	22,029
Illinois Municipal Retirement (IMRF)	46,032	53,067	52,037
Emergency Services and Disaster Agency (ESDA)	760	758	781
Total	<u>\$ 391,313</u>	<u>\$ 391,519</u>	<u>\$ 391,583</u>
<b>TAX COLLECTIONS RECEIVED BY VILLAGE</b>	<u>\$ -</u>	<u>\$ 391,669</u>	<u>\$ 391,119</u>
<b>ESTIMATED RECEIVABLE</b>	<u>\$ 391,313</u>	<u>\$ 391,519</u>	<u>\$ 391,583</u>
<b>PERCENT COLLECTED</b>	0.00%	100.04%	99.88%





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Village of Germantown Hills, Illinois  
Germantown Hills, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Germantown Hills, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise Village of Germantown Hills, Illinois' basic financial statements, and have issued our report thereon dated August 4, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Germantown Hills, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Germantown Hills, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Germantown Hills, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Germantown Hills, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Village of Germantown Hills, Illinois' Response to Findings**

Village of Germantown Hills, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village of Germantown Hills, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
August 4, 2021

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED APRIL 30, 2021**

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2021-001 - Segregation of Duties**

**Criteria or specific requirement:**

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Condition:**

Due to the limited number of personnel performing accounting functions in the Village office, there is a lack of segregation of duties over accounting transactions. Specifically, the Treasurer has the ability to record cash receipt transactions and handle physical cash collections and deposits. Additionally, we noted no documented evidence that bank reconciliations are reviewed and approved by someone other than the preparer. Furthermore, the Village does not have a control in place to review manual journal entries on a consistent basis.

**Effect:**

As a result of the lack of segregation of duties, due to the limited number of personnel involved in accounting transactions, there is a higher risk that errors or misappropriation could occur and not be detected within a timely period.

**Cause:**

There is limited number of personnel involved in accounting transactions within the Village office.

**Recommendation:**

When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities. The Village Board should continue to closely monitor financial reporting. When available, the Village should re-assign tasks to create the appropriate segregations of duties. If possible, individuals with responsibilities for handling cash should not also be responsible for recording transactions. Regarding journal entries, the Village should ensure that all manual journal entries have a documented review and approval by someone other than the preparer.

**Views of responsible officials and planned corrective action:**

To the extent possible, monitoring of monthly financial results and compliance information by the Village Board will continue in the Village office.

**Contact Person:**

Ann Sasso, Administrator

**VILLAGE OF GERMANTOWN HILLS, ILLINOIS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED APRIL 30, 2021**

**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Finding No. 2021-002 - Financial Statement Preparation**

**Criteria or specific requirement:**

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures in conformity with U.S. GAAP.

**Condition:**

The Village does not have an internal control policy in place over annual financial statement reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with U.S. GAAP.

Management has informed us they do not have an internal control policy in place over the annual financial reporting and they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

**Effect:**

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Village's internal controls.

**Cause:**

The Village relies on the audit firm to prepare the annual financial statements including the footnote disclosures. However, Village management has reviewed and approved the annual financial statements and related footnote disclosures.

**Recommendation:**

Management should continue to evaluate its internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

**Views of responsible officials and planned corrective action:**

The Village does not deem it cost effective to send designated employees to training classes nor to hire an individual with the proper qualifications.

**Contact Person:**

Ann Sasso, Administrator