

# VILLAGE OF DOLTON, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2019

# VILLAGE OF DOLTON, ILLINOIS

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## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

February 17, 2020

The Honorable Village Mayor  
Members of the Board of Trustees  
Village of Dolton, Illinois

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 Dolton, Illinois, as of and for the year ended April 30, 2019, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dolton Police Pension Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dolton Police Pension Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village'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 Village'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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dolton, Illinois, as of April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principal**

For the year ended April 30, 2019, the Village adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dolton, Illinois' basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules, and supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental 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 combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Lauterbach & Amen, LLP*  
LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **VILLAGE OF DOLTON, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2019**

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Our discussion and analysis of the Village of Dolton's financial performance provides an overview of the Village of Dolton's financial activities for the fiscal year ended April 30, 2019. Please read it in conjunction with the Village's financial statements, which begin on page 15.

#### **FINANCIAL HIGHLIGHTS**

- The Village's net position increased as a result of this year's operations. Net position of business-type activities increased by \$302,271, or 24.9 percent and net position of the governmental activities increased by \$4,239,058, or 7.4 percent.
- During the year, government-wide revenues totaled \$33,341,289, while expenses totaled \$28,799,960, resulting in an increase to net position of \$4,541,329.
- The Village's net position totaled a deficit of \$54,104,055 on April 30, 2019, which includes a deficit of \$4,228,781 net investment in capital assets, \$7,858,035 subject to external restrictions, and a deficit of \$57,733,309 unrestricted net position.
- The General Fund reported a surplus this year of \$1,337,374 before any other financing sources or uses, a 39 percent increase. Also, the General Fund had other financing sources of \$2,185,902.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 - 18) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 19. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village of Dolton acts solely as a trustee or agent for the benefit of those outside of the government.

## **VILLAGE OF DOLTON, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2019**

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#### **USING THIS ANNUAL REPORT – Continued**

##### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 15 - 18 of this report.

The Statement of Net Position reports information on all of the Village's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, is needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, public property maintenance and economic development. The business-type activities of the Village include water, sewer, and recreation operations.

##### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

##### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Village's near-term financing requirements.

# **VILLAGE OF DOLTON, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2019**

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### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

##### **Governmental Funds – Continued**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Motor Fuel Tax Fund, and Debt Service Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for all major and nonmajor governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 - 24 of this report.

##### **Proprietary Funds**

The Village maintains four proprietary fund types: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its water, sewer, and recreation center operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, Recreation Center Fund, and Sewer Fund, all of which is considered to be a major funds of the Village except the Sewer Fund.

The basic proprietary fund financial statements can be found on pages 25 - 28 of this report.

# **VILLAGE OF DOLTON, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2019**

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### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

##### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29 - 30 of this report.

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 83 of this report.

##### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's I.M.R.F. and police and firefighters' employee pension obligations, retiree benefits plan and budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 84 - 97 of this report. Combining and individual fund statements and schedules can be found on pages 98 - 113 of this report.

# VILLAGE OF DOLTON, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, liabilities/deferred inflows exceeded assets/deferred outflows by \$54,104,055.

	Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current Assets	\$ 19,203,463	13,968,921	5,979,806	7,765,361	25,183,269	21,734,282
Capital Assets	3,894,108	4,617,030	1,663,078	1,725,143	5,557,186	6,342,173
Other Assets	483,604	3,391,853	151,700	475,385	635,304	3,867,238
Total Assets	23,581,175	21,977,804	7,794,584	9,965,889	31,375,759	31,943,693
Deferred Outflows of Resources	8,205,015	8,659,174	438,672	88,494	8,643,687	8,747,668
Total Assets/ Deferred Outflows	31,786,190	30,636,978	8,233,256	10,054,383	40,019,446	40,691,361
Long-Term Debt	51,766,000	66,242,912	8,007,339	549,775	59,773,339	66,792,687
Other Liabilities	6,789,821	8,258,034	1,029,210	8,251,513	7,819,031	16,509,547
Total Liabilities	58,555,821	74,500,946	9,036,549	8,801,288	67,592,370	83,302,234
Deferred Inflows of Resources	26,421,535	14,664,651	109,596	339,256	26,531,131	15,003,907
Total Liabilities/ Deferred Inflows	84,977,356	89,165,597	9,146,145	9,140,544	94,123,501	98,306,141
Net Position						
Net Investment in Capital Assets	(5,891,859)	(5,720,435)	1,663,078	1,725,143	(4,228,781)	(3,995,292)
Restricted	7,858,035	9,271,028	-	-	7,858,035	9,271,028
Unrestricted (Deficit)	(55,157,342)	(62,079,212)	(2,575,967)	(811,304)	(57,733,309)	(62,890,516)
Total Net Position	(53,191,166)	(58,528,619)	(912,889)	913,839	(54,104,055)	(57,614,780)

A large portion of the Village's net position, a deficit \$4,228,781, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$7,858,035, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$57,733,309), represents unrestricted net position.

# VILLAGE OF DOLTON, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 6,361,021	5,816,968	5,914,443	6,326,556	12,275,464	12,143,524
Operating Grants/Contrib.	650,996	873,848	-	-	650,996	873,848
Capital Grants/Contrib.	-	-	-	-	-	-
General Revenues						
Property Taxes	11,804,847	10,111,079	-	-	11,804,847	10,111,079
Sales Taxes	2,876,718	2,589,532	-	-	2,876,718	2,589,532
Other Taxes	2,430,081	2,224,810	-	-	2,430,081	2,224,810
Income Taxes	2,393,806	2,092,992	-	-	2,393,806	2,092,992
Replacement Taxes	232,058	216,552	-	-	232,058	216,552
Interest	37,952	18,533	709	26	38,661	18,559
Miscellaneous	638,658	898,389	-	-	638,658	898,389
Total Revenues	27,426,137	24,842,703	5,915,152	6,326,582	33,341,289	31,169,285
<b>Expenses</b>						
General Government	6,806,938	7,302,384	-	-	6,806,938	7,302,384
Public Safety	9,982,322	13,175,518	-	-	9,982,322	13,175,518
Public Works	3,047,139	3,815,140	-	-	3,047,139	3,815,140
Public Property Maintenance	1,700,620	1,756,132	-	-	1,700,620	1,756,132
Economic Development	433,017	351,791	-	-	433,017	351,791
Interest on Long-Term Debt	1,217,043	1,349,954	-	-	1,217,043	1,349,954
Water	-	-	4,905,124	5,681,766	4,905,124	5,681,766
Recreation Center	-	-	378,890	380,597	378,890	380,597
Dorchester	-	-	-	6,877,435	-	6,877,435
Sewer	-	-	328,867	161,679	328,867	161,679
Total Expenses	23,187,079	27,750,919	5,612,881	13,101,477	28,799,960	40,852,396
Change in Net Position						
Before Transfers	4,239,058	(2,908,216)	302,271	(6,774,895)	4,541,329	(9,683,111)
Transfers	-	(575,455)	-	575,455	-	-
Change in Net Position	4,239,058	(3,483,671)	302,271	(6,199,440)	4,541,329	(9,683,111)
Net Position - Beginning as Restated	(57,430,224)	(55,044,948)	(1,215,160)	7,113,279	(58,645,384)	(47,931,669)
Net Position - Ending	(53,191,166)	(58,528,619)	(912,889)	913,839	(54,104,055)	(57,614,780)

Beginning net position was restated due to the recognition of GASB 75 for other post employment employee benefits, allocation of expenditures charges to General Fund relating to Water and Sewer operation, and unrecorded fixed assets.

## VILLAGE OF DOLTON, ILLINOIS

### Management's Discussion and Analysis April 30, 2019

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

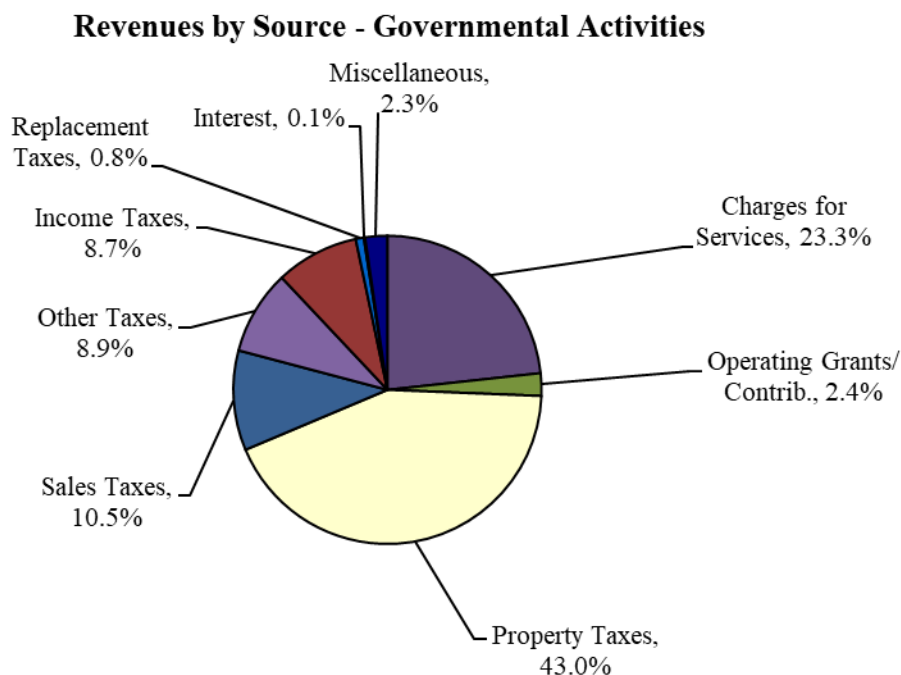
Net position of the Village's governmental activities increased by 7.4 percent (\$53,191,166 deficit in 2019 compared to \$57,430,224 restated deficit in 2018). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit of \$55,157,342 at April 30, 2019.

Net position of business-type activities increased by 24.9 percent (\$912,889 deficit in 2019 compared to \$1,215,160 restated deficit in 2018). The increase was due to the recognition of expenses charged to the General Fund for water and sewer operations and the recognition of other post employee benefits liability per GASB 75.

#### Governmental Activities

Revenues for governmental activities totaled \$27,426,137 while the cost of all governmental functions totaled \$23,187,079. This resulted in a surplus of \$4,239,058.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes, utility taxes and use taxes to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from income taxes.



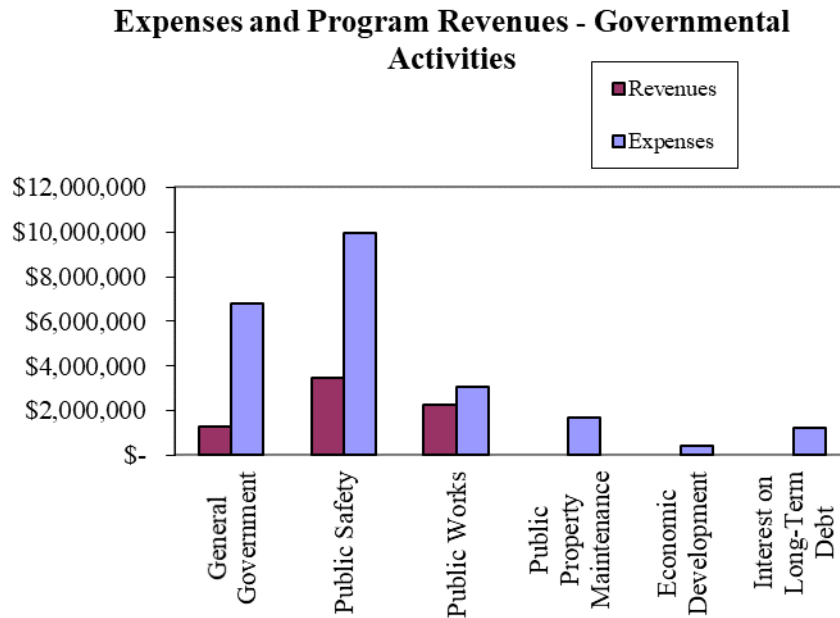
## VILLAGE OF DOLTON, ILLINOIS

### Management's Discussion and Analysis April 30, 2019

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

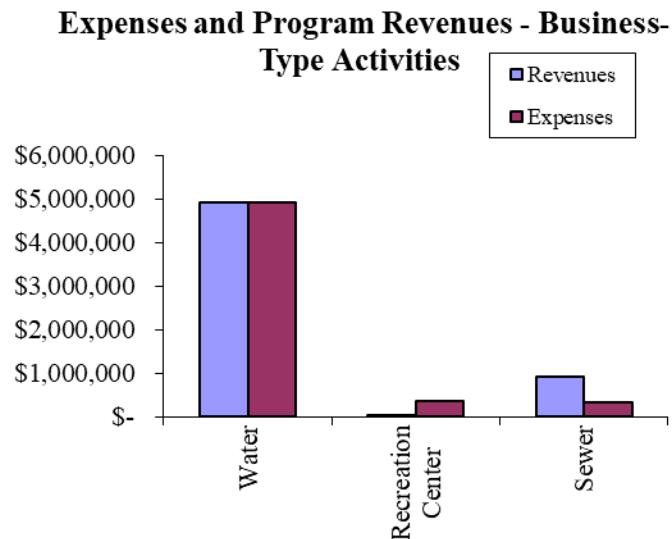
##### Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



##### Business-Type activities

Business-Type activities reported total revenues of \$5,915,152, while the cost of all business-type activities totaled \$5,612,881. This resulted in a surplus of \$302,271.



The above graph compares program revenues to expenses for utility operations.



## **VILLAGE OF DOLTON, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2019**

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#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

##### **Governmental Funds**

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

The Village's governmental funds reported combining ending fund balances of \$6,090,292. The restated fund balance was \$3,744,024. This year's activity resulted in a \$2,346,268 increase of 62.7 percent.

The General Fund is the chief operating fund of the Village. At April 30, 2019, General Fund had a surplus of \$93,555, which resulted in a positive change in fund balance for the year of \$3,523,276. This was due in large part to an increase in revenues of \$2,954,658 or 15.7 percent and a decrease of expenditures of \$955,660 or 4.5 percent.

The Motor Fuel Tax Fund ending fund balance of \$3,142,364 reported an increase from the prior year of \$137,683. This increase was due to an increase in state allotment and a decrease in expenditures.

The Debt Service Fund ending fund balance of \$1,079,503 reported a decrease from the prior year of \$581,836. This decrease was due to debt payments exceeding property taxes received.

##### **Proprietary Funds**

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Water Fund as a major proprietary fund and the Sewer Fund as a nonmajor proprietary fund. The Water and Sewer Funds account for all of the operations of the municipal water and sewer system. Water is purchased from the City of Chicago at a rate of \$3.31 per thousand gallons. Water is sold to residential customers at a rate of \$5.61 per thousand gallons for water and a rate of 20% of water consumption for sewer. Residential customers are also charged \$5 per month for maintenance of the sewer system. Water is sold to non-residential and industrial customers at a rate of \$7.64 per thousand gallons for water and a rate of 20% of gross water bill for sewer. The spread between purchase and sale rates is intended to finance the operations of the utility system, including labor costs, supplies, and infrastructure maintenance.

## **VILLAGE OF DOLTON, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2019**

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#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued**

##### **Proprietary Funds – Continued**

The Village intends to run the funds at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. At year-end, the Water Fund reported a deficit net position of \$2,471,268 and the Sewer Fund reported a surplus net position of \$535,383, while the previous fiscal year reported a restated deficit of \$2,498,141 in the Water Fund and a restated deficit of \$66,571 in the Sewer Fund. Unrestricted net position for the Water Fund and Sewer Fund totaled (\$2,471,268) and \$535,383, respectively, at April 30, 2019.

The Recreation Center Fund is a major fund. The Recreation fund reports a decrease of \$326,556 in net position in the current fiscal year. The decrease for the Recreation Center Fund was primarily due to a decreasing membership of \$78,513. The Recreation Center Fund was able to offset its decreasing membership by decreasing services by \$1,707.

##### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village made budget amendments to the General Fund and Water Fund during the year. General Fund actual revenues for the year totaled \$21,781,623, compared to budgeted revenues of \$16,612,138. Revenues for all items except miscellaneous were higher than budgeted. Most items were higher by over 10 percent.

The General Fund actual expenditures for the year were \$1,648,235 higher than budgeted (\$20,444,249 actual compared to \$18,796,014 budgeted). The cost of Public Safety was \$1.7 million higher than budgeted to maintain a safe community.

##### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

###### **Capital Assets**

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2019 was \$5,557,186, (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, vehicles, and infrastructure.

# VILLAGE OF DOLTON, ILLINOIS

## Management's Discussion and Analysis April 30, 2019

### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Capital Assets – Continued

	Capital Assets - Net of Depreciation					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 806,995	806,995	-	-	806,995	806,995
Construction in Progress	-	-	20,000	-	20,000	-
Land Improvements	887,093	933,423	-	-	887,093	933,423
Buildings	317,152	327,567	1,591,195	1,669,772	1,908,347	1,997,339
Equipment	113,552	174,428	51,883	55,371	165,435	229,799
Vehicles	1,769,316	2,403,595	-	-	1,769,316	2,403,595
Total	3,894,108	4,646,008	1,663,078	1,725,143	5,557,186	6,371,151

This year's major additions included:

Construction in Progress	\$ 20,000
Vehicles	40,100
	<u>60,100</u>

Additional information on the Village's capital assets can be found in note 3 of this report.

#### Debt Administration

At year-end, the Village had total outstanding debt of \$20,709,528 as compared to \$23,356,626 the previous year, a decrease of 11.3 percent.

The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 20,090,000	22,625,000	-	-	20,090,000	22,625,000
Capital Leases	619,528	731,626	-	-	619,528	731,626
Total	20,709,528	23,356,626	-	-	20,709,528	23,356,626

Additional information on the Village's long-term debt can be found in Note 3 this report.

## **VILLAGE OF DOLTON, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2019**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2020 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Unemployment rates for April 30, 2019 for Dolton, IL was 6.6 percent and the state and national unemployment rates were 4.4 and 3.6 percent, respectively.

These indicators were considered when proposing the General Fund budget for 2020. The Village anticipates \$36,019 million in revenues, an increase of 19.62 percent from the final 2019 budget of \$30,112 million. With the increase of expected revenue, the Village has increased its appropriation by 18.53% to \$35,086 million from \$29,601 million.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Director of Administrative Services, Village of Dolton, 14122 Chicago Road, Dolton, IL 60419.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**VILLAGE OF DOLTON, ILLINOIS**

**Statement of Net Position**

**April 30, 2019**

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**See Following Page**

**VILLAGE OF DOLTON, ILLINOIS****Statement of Net Position  
April 30, 2019**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 8,234,401	1,003,465	9,237,866
Receivables - Net of Allowances	11,973,886	3,624,789	15,598,675
Internal Balances	(1,351,552)	1,351,552	-
Prepays/Inventories - Land Held for Resale	346,728	-	346,728
Total Current Assets	19,203,463	5,979,806	25,183,269
Noncurrent Assets			
Capital Assets			
Nondepreciable	806,995	20,000	826,995
Depreciable	12,949,655	5,629,826	18,579,481
Accumulated Depreciation	(9,862,542)	(3,986,748)	(13,849,290)
	3,894,108	1,663,078	5,557,186
Other Assets			
Net Pension Asset - IMRF	483,604	151,700	635,304
Total Noncurrent Assets	4,377,712	1,814,778	6,192,490
Total Assets	23,581,175	7,794,584	31,375,759
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	1,386,017	434,774	1,820,791
Deferred Items - Police Pension	2,217,978	-	2,217,978
Deferred Items - Firefighters' Pension	3,943,937	-	3,943,937
Deferred Items - RBP	38,636	3,898	42,534
Unamortized Loss on Refunding	618,447	-	618,447
Total Deferred Outflows of Resources	8,205,015	438,672	8,643,687
Total Assets and Deferred Outflows of Resources	31,786,190	8,233,256	40,019,446

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 2,770,354	335,295	3,105,649
Accrued Payroll	356,278	41,018	397,296
Deposits Payable	78,500	-	78,500
Accrued Interest Payable	432,988	-	432,988
Current Portion of Long-Term Liabilities	3,151,701	652,897	3,804,598
Total Current Liabilities	6,789,821	1,029,210	7,819,031
Noncurrent Liabilities			
Compensated Absences Payable	1,336,855	36,221	1,373,076
Net Pension Liability - Police Pension	15,113,238	-	15,113,238
Net Pension Liability - Firefighters' Pension	13,297,400	-	13,297,400
Total OPEB Liability - RBP	1,274,637	128,617	1,403,254
City of Chicago Payable	-	7,842,501	7,842,501
Claims Payable	2,683,335	-	2,683,335
General Obligation Bonds Payable - Net	17,588,494	-	17,588,494
Capital Lease Payable	472,041	-	472,041
Total Noncurrent Liabilities	51,766,000	8,007,339	59,773,339
Total Liabilities	58,555,821	9,036,549	67,592,370
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	349,383	109,596	458,979
Deferred Items - Police Pension	12,580,328	-	12,580,328
Deferred Items - Firefighters' Pension	3,583,785	-	3,583,785
Grants	22,941	-	22,941
Property Taxes	9,885,098	-	9,885,098
Total Deferred Inflows of Resources	26,421,535	109,596	26,531,131
Total Liabilities and Deferred Inflows of Resources	84,977,356	9,146,145	94,123,501
<b>NET POSITION</b>			
Net Investment in Capital Assets	(5,891,859)	1,663,078	(4,228,781)
Restricted - Grants and Forfeitures	222,361	-	222,361
Restricted - Debt Service	1,079,503	-	1,079,503
Restricted - Public Works	3,142,364	-	3,142,364
Restricted - Economic Development	3,413,807	-	3,413,807
Unrestricted (Deficit)	(55,157,342)	(2,575,967)	(57,733,309)
Total Net Position	(53,191,166)	(912,889)	(54,104,055)

The notes to the financial statements are an integral part of this statement.



# VILLAGE OF DOLTON, ILLINOIS

## Statement of Activities

For the Fiscal Year Ended April 30, 2019

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 6,806,938	1,258,009	33,122	-
Public Safety	9,982,322	3,451,878	30,144	-
Public Works	3,047,139	1,651,134	587,730	-
Public Property Maintenance	1,700,620	-	-	-
Economic Development	433,017	-	-	-
Interest on Long-Term Debt	1,217,043	-	-	-
Total Governmental Activities	23,187,079	6,361,021	650,996	-
Business-Type Activities				
Water	4,905,124	4,931,644	-	-
Recreation Center	378,890	52,332	-	-
Sewer	328,867	930,467	-	-
Total Business-Type Activities	5,612,881	5,914,443	-	-
Total Primary Government	28,799,960	12,275,464	650,996	-

General Revenues  
Taxes  
Property  
State Sales  
Other Taxes  
Intergovernmental - Unrestricted  
Income Taxes  
Replacement Taxes  
Interest  
Miscellaneous  
Total General Revenues

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(5,515,807)	-	(5,515,807)
(6,500,300)	-	(6,500,300)
(808,275)	-	(808,275)
(1,700,620)	-	(1,700,620)
(433,017)	-	(433,017)
(1,217,043)	-	(1,217,043)
(16,175,062)	-	(16,175,062)
-	26,520	26,520
-	(326,558)	(326,558)
-	601,600	601,600
-	301,562	301,562
(16,175,062)	301,562	(15,873,500)
11,804,847	-	11,804,847
2,876,718	-	2,876,718
2,430,081	-	2,430,081
2,393,806	-	2,393,806
232,058	-	232,058
37,952	709	38,661
638,658	-	638,658
20,414,120	709	20,414,829
4,239,058	302,271	4,541,329
(57,430,224)	(1,215,160)	(58,645,384)
(53,191,166)	(912,889)	(54,104,055)

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF DOLTON, ILLINOIS

## Balance Sheet - Governmental Funds April 30, 2019

	General
<b>ASSETS</b>	
Cash and Investments	\$ 5,236,108
Receivables - Net of Allowances	
Property Taxes	6,335,112
Other Taxes	1,023,404
Accounts	808,319
Due from Other Governments	205,817
Due from Other Funds	284,020
Advances to Other Funds	1,732,272
Prepays	72,680
Land Held for Resale	245,712
Inventories	28,336
Total Assets	15,971,780
<b>LIABILITIES</b>	
Accounts Payable	1,390,796
Accrued Payroll	356,278
Deposits Payable	78,500
Due to Other Funds	-
Advances from Other Funds	7,694,598
Total Liabilities	9,520,172
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Grants	22,941
Property Taxes	6,335,112
Total Deferred Inflows of Resources	6,358,053
Total Liabilities and Deferred Inflows of Resources	15,878,225
<b>FUND BALANCES</b>	
Nonspendable	2,079,000
Restricted	776,965
Committed	21,197
Unassigned	(2,783,607)
Total Fund Balances	93,555
Total Liabilities, Deferred Inflows of Resources and Fund Balances	15,971,780

The notes to the financial statements are an integral part of this statement.

Special Revenue	Motor Fuel Tax	Debt Service	Nonmajor	Totals
	1,031,854	1,363,523	602,916	8,234,401
	-	3,549,986	-	9,885,098
	51,248	-	-	1,074,652
	-	-	-	808,319
	-	-	-	205,817
	-	-	-	284,020
	2,098,603	-	2,858,781	6,689,656
	-	-	-	72,680
	-	-	-	245,712
	-	-	-	28,336
	3,181,705	4,913,509	3,461,697	27,528,691
	39,341	-	1,014,667	2,444,804
	-	-	-	356,278
	-	-	-	78,500
	-	284,020	-	284,020
	-	-	672,160	8,366,758
	39,341	284,020	1,686,827	11,530,360
	-	-	-	22,941
	-	3,549,986	-	9,885,098
	-	3,549,986	-	9,908,039
	39,341	3,834,006	1,686,827	21,438,399
	-	-	-	2,079,000
	3,142,364	1,079,503	3,413,807	8,412,639
	-	-	-	21,197
	-	-	(1,638,937)	(4,422,544)
	3,142,364	1,079,503	1,774,870	6,090,292
	3,181,705	4,913,509	3,461,697	27,528,691

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF DOLTON, ILLINOIS

### Reconciliation of Total Governmental Fund Balance to Net Position - Governmental Activities

April 30, 2019

<b>Total Governmental Fund Balances</b>	<b>\$ 6,090,292</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	3,894,108
The net pension assets of the pension funds are included in the governmental activities in the Statement of Net Position. Net Pension Asset - IMRF	483,604
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	1,036,634
Deferred Items - Police Pension	(10,362,350)
Deferred Items - Firefighters' Pension	360,152
Deferred Items - RBP	38,636
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(1,671,069)
Net Pension Liability - Police Pension	(15,113,238)
Net Pension Liability - Firefighters' Pension	(13,297,400)
Total OPEB Liability - RBP	(1,274,637)
Claims Payable	(2,683,335)
General Obligation Bonds Payable - Net	(20,258,494)
Capital Lease Payable	(619,528)
Unamortized Loss on Refunding	618,447
Accrued Interest Payable	(432,988)
<b>Net Position of Governmental Activities</b>	<b><u>(53,191,166)</u></b>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DOLTON, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2019**

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**See Following Page**

## VILLAGE OF DOLTON, ILLINOIS

### Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2019

	<u>General</u>
Revenues	
Taxes	\$ 12,135,278
Intergovernmental	2,743,677
Licenses and Permits	1,194,531
Charges for Services	1,714,612
Fines and Forfeitures	3,438,414
Interest	17,733
Miscellaneous	537,378
Total Revenues	<u>21,781,623</u>
Expenditures	
Current	
General Government	6,021,347
Public Safety	10,589,754
Public Works	1,985,743
Public Property Maintenance	1,700,620
Economic Development	-
Debt Service	
Principal Retirement	112,098
Interest and Fiscal Charges	34,687
Total Expenditures	<u>20,444,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,337,374</u>
Other Financing Sources (Uses)	
Debt Issuance	1,300,000
Transfers In	885,902
Transfers Out	-
	<u>2,185,902</u>
Net Change in Fund Balances	3,523,276
Fund Balances - Beginning as Restated	<u>(3,429,721)</u>
Fund Balances - Ending	<u><u>93,555</u></u>

The notes to the financial statements are an integral part of this statement.

Special Revenue			
Motor Fuel Tax	Debt Service	Nonmajor	Totals
-	4,350,172	585,113	17,070,563
587,730	-	-	3,331,407
-	-	-	1,194,531
-	-	-	1,714,612
-	-	-	3,438,414
16,557	2,711	951	37,952
-	101,280	-	638,658
604,287	4,454,163	586,064	27,426,137
-	28,000	-	6,049,347
-	-	-	10,589,754
466,604	-	-	2,452,347
-	-	-	1,700,620
-	-	433,017	433,017
-	3,835,000	-	3,947,098
-	1,172,999	-	1,207,686
466,604	5,035,999	433,017	26,379,869
137,683	(581,836)	153,047	1,046,268
-	-	-	1,300,000
-	-	-	885,902
-	-	(885,902)	(885,902)
-	-	(885,902)	1,300,000
137,683	(581,836)	(732,855)	2,346,268
3,004,681	1,661,339	2,507,725	3,744,024
3,142,364	1,079,503	1,774,870	6,090,292

The notes to the financial statements are an integral part of this statement.



## VILLAGE OF DOLTON, ILLINOIS

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Activities

For the Fiscal Year Ended April 30, 2019

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,346,268</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	40,100
Depreciation Expense	(792,000)
Disposals - Cost	-
Disposals - Accumulated Depreciation	-

A decrease in a net pension asset is not considered to be an increase in a  
financial asset in the governmental funds. (2,908,249)

Deferred outflows (inflows) of resources related to the pensions not reported  
in the funds.

Change in Deferred Items - IMRF	2,825,794
Change in Deferred Items - Police Pension	(11,578,428)
Change in Deferred Items - Firefighters' Pension	(2,087,474)
Change in Deferred Items - RBP	38,636

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Deductions to Compensated Absences Payable	65,482
(Additions) to Net Pension Liability - Police Pension	12,864,657
Deductions to Net Pension Liability - Firefighters' Pension	1,467,260
(Additions) to Total OPEB Liability - RBP	(65,774)
(Additions) to Claims Payable	(614,955)
Issuance of Debt	(1,300,000)
Retirement of General Obligation Bonds and Capital Leases	3,947,098
Amortization of Loss on Refunding	(81,553)
Amortization of Premium on Debt Issuance	26,571
Amortization of Discount on Debt Issuance	(3,119)

Changes to accrued interest on long-term debt in the Statement of Activities  
do not require the use of current financial resources and, therefore, are not  
reported as expenditures in the governmental funds.

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48,744

**Changes in Net Position of Governmental Activities**

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**4,239,058**

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DOLTON, ILLINOIS**

**Statement of Net Position - Proprietary Funds**  
**April 30, 2019**

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**See Following Page**

# VILLAGE OF DOLTON, ILLINOIS

## Statement of Net Position - Proprietary Funds April 30, 2019

	Business-Type Activities - Enterprise			
	Water	Recreation Center	Nonmajor Sewer	Totals
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 540,502	5,433	457,530	1,003,465
Receivables - Net of Allowances Customers	3,173,721	-	451,068	3,624,789
Advances to Other Funds	2,411,664	-	-	2,411,664
Total Current Assets	6,125,887	5,433	908,598	7,039,918
Noncurrent Assets				
Capital Assets				
Nondepreciable	-	20,000	-	20,000
Depreciable	1,742,995	3,886,831	-	5,629,826
Accumulated Depreciation	(1,742,995)	(2,243,753)	-	(3,986,748)
	-	1,663,078	-	1,663,078
Other Assets				
Net Pension Asset - IMRF	101,406	7,628	42,666	151,700
Total Noncurrent Assets	101,406	1,670,706	42,666	1,814,778
Total Assets	6,227,293	1,676,139	951,264	8,854,696
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Items - IMRF	290,632	21,862	122,280	434,774
Deferred Items - RBP	2,547	134	1,217	3,898
Total Deferred Outflows of Resources	293,179	21,996	123,497	438,672
Total Assets and Deferred Outflow of Resources	6,520,472	1,698,135	1,074,761	9,293,368

The notes to the financial statements are an integral part of this statement.

	Business-Type Activities - Enterprise			
	Water	Recreation Center	Nonmajor Sewer	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	297,433	37,347	515	335,295
Accrued Payroll	26,770	3,247	11,001	41,018
Advances from Other Funds	-	623,400	436,712	1,060,112
Current Portion of Long-Term Liabilities	648,620	240	4,037	652,897
Total Current Liabilities	972,823	664,234	452,265	2,089,322
Noncurrent Liabilities				
Compensated Absences Payable	19,113	960	16,148	36,221
Total OPEB Liability - RBP	84,042	4,434	40,141	128,617
City of Chicago Payable	7,842,501	-	-	7,842,501
Total Noncurrent Liabilities	7,945,656	5,394	56,289	8,007,339
Total Liabilities	8,918,479	669,628	508,554	10,096,661
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Items - IMRF	73,261	5,511	30,824	109,596
Total Liabilities and Deferred Inflows of Resources	8,991,740	675,139	539,378	10,206,257
<b>NET POSITION</b>				
Investment in Capital Assets	-	1,663,078	-	1,663,078
Unrestricted (Deficit)	(2,471,268)	(640,082)	535,383	(2,575,967)
Total Net Position	(2,471,268)	1,022,996	535,383	(912,889)

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF DOLTON, ILLINOIS

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Fiscal Year Ended April 30, 2019

	Business-Type Activities - Enterprise			Totals
	Water	Recreation Center	Nonmajor Sewer	
Operating Revenues				
Charges for Services	\$ 4,793,532	52,332	930,467	5,776,331
Miscellaneous	138,112	-	-	138,112
Total Operating Revenues	4,931,644	52,332	930,467	5,914,443
Operating Expenses				
Operations	4,905,124	296,825	328,867	5,530,816
Depreciation	-	82,065	-	82,065
Total Operating Expenses	4,905,124	378,890	328,867	5,612,881
Operating Income (Loss)	26,520	(326,558)	601,600	301,562
Nonoperating Revenues				
Interest Income	353	2	354	709
Change in Net Position	26,873	(326,556)	601,954	302,271
Net Position - Beginning as Restated	(2,498,141)	1,349,552	(66,571)	(1,215,160)
Net Position - Ending	(2,471,268)	1,022,996	535,383	(912,889)

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF DOLTON, ILLINOIS

## Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended April 30, 2019

	Business-Type Activities - Enterprise			Totals
	Water	Recreation Center	Nonmajor Sewer	
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 4,537,538	52,332	881,620	5,471,490
Payments to Suppliers	(5,617,578)	(210,186)	(1,004,122)	(6,831,886)
Payments to Employees	(550,678)	(67,999)	(230,144)	(848,821)
	(1,630,718)	(225,853)	(352,646)	(2,209,217)
Cash Flow from Noncapital Financing Activities				
Changes in Interfund Activity	(915,149)	249,835	436,712	(228,602)
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	-	(20,000)	-	(20,000)
Cash Flows from Investing Activities				
Interest Received	353	2	354	709
Net Change in Cash and Cash Equivalents	(2,545,514)	3,984	84,420	(2,457,110)
Cash and Cash Equivalents - Beginning	3,086,016	1,449	373,110	3,460,575
Cash and Cash Equivalents - Ending	540,502	5,433	457,530	1,003,465
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	26,520	(326,558)	601,600	301,562
Adjustments to Reconcile Operating Income				
Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	-	82,065	-	82,065
Other Revenues (Expenses)	(162,653)	(2,930)	(83,934)	(249,517)
(Increase) Decrease in Current Assets	(394,106)	-	(48,847)	(442,953)
Increase (Decrease) in Current Liabilities	(1,100,479)	21,570	(821,465)	(1,900,374)
Net Cash Provided by Operating Activities	(1,630,718)	(225,853)	(352,646)	(2,209,217)

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DOLTON, ILLINOIS**

**Statement of Fiduciary Net Position  
April 30, 2019**

	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,548,096
Investments	
U.S. Government Obligations	5,888,035
U.S. Agency Obligations	2,531,531
Corporate Bonds	2,857,560
Equity Mutual Funds	24,907,231
Annuities	1,669,701
Receivables	
Accrued Interest	44,949
Advances to Other Funds	325,550
Advances to Other Governments	39,563
Reserve Uncollectable - Interfund	(310,327)
Prepays	<u>2,115</u>
Total Assets	40,504,004
<b>LIABILITIES</b>	
Accounts Payable	<u>20,397</u>
<b>NET POSITION</b>	
Net Position Restricted for Pensions	<u><u>40,483,607</u></u>

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF DOLTON, ILLINOIS

### Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2019

	Pension Trust
Additions	
Contributions - Employer	\$ 1,695,951
Contributions - Plan Members	459,950
Total Contributions	<u>2,155,901</u>
Investment Earnings	
Interest Earned	981,697
Net Change in Fair Value	<u>1,892,743</u>
	2,874,440
Less Investment Expenses	<u>(78,885)</u>
Net Investment Income	<u>2,795,555</u>
Total Additions	<u>4,951,456</u>
Deductions	
Administration	118,873
Benefits and Refunds	<u>3,463,890</u>
Total Deductions	<u>3,582,763</u>
Change in Fiduciary Net Position	1,368,693
Net Position Restricted for Pensions	
Beginning	<u>39,114,914</u>
Ending	<u><u>40,483,607</u></u>

The notes to the financial statements are an integral part of this statement.



## **VILLAGE OF DOLTON, ILLINOIS**

### **Notes to the Financial Statements April 30, 2019**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Dolton (Village), Illinois, operates under a Board of Trustees – Executive form of government. Elected officials are the Mayor, Clerk, and six Trustees. The Board of Trustees is the Village’s legislative body, enacting the laws and establishing the policies, which govern the main activities of the Village.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village’s accounting policies established in GAAP and used by the Village are described below.

#### **REPORTING ENTITY**

The Village’s financial reporting entity comprises the following:

Primary Government:	Village of Dolton
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **Police Pension Employees Retirement System**

The Village’s sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village’s Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village’s police employees. The PPERS is reported as a pension trust fund.

## **VILLAGE OF DOLTON, ILLINOIS**

### **Notes to the Financial Statements April 30, 2019**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **REPORTING ENTITY – Continued**

###### **Firefighters' Pension Employees Retirement System**

The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the Village's Mayor, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn firefighters. The FPERS is reported as a pension trust fund.

##### **BASIS OF PRESENTATION**

###### **Government-Wide Statements**

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, public works, public property maintenance, economic development, and general administrative services are classified as governmental activities. The Village's water services, recreation services, and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's governmental functions (general government, public safety, public works, public property maintenance, economic development, etc.) and business-type activities. The functions are supported by general government revenues (property, sales and other taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from foods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

# **VILLAGE OF DOLTON, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2019**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION – Continued**

##### **Government-Wide Statements – Continued**

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

##### **Fund Financial Statements**

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either have debt outstanding or a specific or community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

*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. The General Fund is a major fund.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains four special revenue funds. The Motor Fuel Tax Fund, a major fund, is used to account for allotments of motor fuel taxes from the State of Illinois made on a per capita basis. The Village uses these funds to maintain and construct transportation-related community needs, such as streets, bridges, and traffic signals.

*Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village maintains one debt service fund. The Debt Service Fund, a major fund, is used to account for the principal and interest payments made on the general obligation bonds.

#### Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

*Enterprise Funds* are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains three enterprise funds. The Water Fund, a major fund, is used to account for the provisions of the water to the residents of 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 collection.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Proprietary Funds – Continued

The Recreation Center Fund, also a major fund, is used to account for the provisions of the Melanie Fitness Center. 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 collection.

##### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

*Pension Trust Funds* are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's Fire Department.

The Village's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

# **VILLAGE OF DOLTON, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2019**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

##### **Measurement Focus – Continued**

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

##### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

# **VILLAGE OF DOLTON, ILLINOIS**

## **Notes to the Financial Statements April 30, 2019**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

##### **Basis of Accounting – Continued**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY**

##### **Cash and Investments**

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### **Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility and customer charges as their major receivables.

# **VILLAGE OF DOLTON, ILLINOIS**

## **Notes to the Financial Statements April 30, 2019**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY**

##### **Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

##### **Interfund Receivables, Payables and Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Internal service fund services provided and used are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### **Prepays/Inventories – Land Held for Resale**

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

##### **Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.



# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements

April 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Capital Assets – Continued

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated acquisition value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	10 - 30 Years
Buildings and Improvements	30 - 40 Years
Furniture and Equipment	5 - 15 Years
Vehicles	5 - 15 Years
Infrastructure	20 - 30 Years

##### Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement pursuant to the Village’s personnel rules and union contracts.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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.

## **VILLAGE OF DOLTON, ILLINOIS**

### **Notes to the Financial Statements April 30, 2019**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

#### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **BUDGETARY INFORMATION**

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to June 30, the Finance Manager submits to the Village Board a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to July 31, the budget is legally enacted through passage of an appropriation ordinance.
- The Finance Manager is authorized to transfer budgeted amounts between departments within any fund, however, revisions that alter the total expenditures of any fund must be approved by the Village Board. The budget was amended this year.
- Formal budgetary integration is employed as a management control device during the year.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

##### BUDGETARY INFORMATION – Continued

- Budgets for the General Fund, Special Revenue Funds, Debt Service Fund, and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles.
- Appropriations lapse at the end of the fiscal year.
- The Village budgets revenue, expenditures/expenses and transfers based on anticipated funds to be received. Budgets reflect gains or losses, by fund, for each fiscal year.

#### EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

Fund	Excess
General	\$ 1,648,235
Motor Fuel Tax	266,604
Debt Service	258,390
Sibley TIF #2	480
TIF #3 Indulux	82,057
Sewer	238,695

#### DEFICIT FUND BALANCE

The following funds had deficit fund balance as of the date of this report:

Fund	Deficit
Sibley TIF #2	\$ 1,638,937
Water	2,471,268

# **VILLAGE OF DOLTON, ILLINOIS**

## **Notes to the Financial Statements April 30, 2019**

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### **NOTE 3 – DETAIL NOTES ON ALL FUNDS**

#### **DEPOSITS AND INVESTMENTS**

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds.

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements

April 30, 2019

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

##### **Village – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$7,367,311 and the bank balances totaled \$7,281,753. Additionally, the Village has \$1,870,555 invested in the Illinois Funds, which is measured at net asset value per share as determined by the Pool.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operations and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools. The Village's investments in the Illinois Funds has an average maturity of less than one year.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, brokers, intermediaries and advisors with which the Village will do business, and diversifying the investment portfolio. At year-end, the Village's investment in the Illinois Funds was rated AAAm by Standard & Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy does not address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy does not address custodial credit risk for investments. The Village's investments in the Illinois Funds are not subject to custodial credit risk.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy does not address concentration risk. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Pension Fund's deposits totaled \$2,119,435 and the bank balances totaled \$2,111,237.

*Investments.* The Fund assumes any callable securities will not be called. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 2,747,485	-	1,968,594	778,891	-
U.S. Agencies	2,482,684	-	1,472,942	988,821	20,921
Corporate Bonds	2,068,698	499,844	1,568,854	-	-
	<u>7,298,867</u>	<u>499,844</u>	<u>5,010,390</u>	<u>1,767,712</u>	<u>20,921</u>

The Fund has the following recurring fair value measurements as of April 30, 2019:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 2,747,485	2,747,485	-	-
U.S. Agencies	2,482,684	-	2,482,684	-
Corporate Bonds	2,068,698	-	2,068,698	-
Equity Securities				
Equity Mutual Funds	18,496,956	18,496,956	-	-
Total Investments by Fair Value Level	<u>25,795,823</u>	<u>21,244,441</u>	<u>4,551,382</u>	<u>-</u>

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements

April 30, 2019

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

##### **Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Interest Rate Risk.* In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

*Credit Risk.* The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Fund's investment policy prescribes to the "prudent person" rule which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the second objective of the attainment of market rates of return." The U.S. Agency obligations are rated AAA and the Corporate Bonds were all rated BBB or better by Standard and Poor's or by Moody's Investors Services or were small issues that were unrated. The Fund has an unrated obligation with Federal Home Loan Mortgage Corporation Investment with a par value of \$334 and an interest rate of 7.00% that matures on February 1, 2032.

*Custodial Credit Risk – Deposits.* The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Fund's deposits with financial institutions. At year-end, \$1,594,614 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance. The percentage of the \$1,594,614 bank balance of deposits covered by the flow-through FDIC insurance cannot be determined at this time.

*Custodial Credit Risk – Investments.* The Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Fund, to act as custodian for its securities and collateral. Money market mutual funds and equity mutual funds are not subject custodial credit risk.

*Concentration Risk.* In accordance with Fund's investment policy, the Board of Trustees has consciously diversified the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio. At year-end, the Pension Fund has over 5 percent of net plan assets available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) invested in Money Market Mutual Funds of \$1,828,151. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Concentration Risk – Continued.* The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	32.00%	0.25% - 3.50%
Domestic Equities	57.00%	3.25% - 4.00%
International Equities	5.00%	4.75% - 6.50%
Real Estate	3.00%	4.25%
Cash and Cash Equivalents	3.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in November 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2019 are listed in the table above.

##### Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Firefighters' Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$428,661 and the bank balances totaled \$417,028.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasuries	\$ 3,140,550	734,998	1,377,512	1,028,040	-
U.S. Agencies	48,847	-	24,966	23,881	-
Corporate Bonds	788,862	10,152	324,388	423,707	30,615
	<u>3,978,259</u>	<u>745,150</u>	<u>1,726,866</u>	<u>1,475,628</u>	<u>30,615</u>

The Fund has the following recurring fair value measurements as of April 30, 2019:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 3,140,550	3,140,550	-	-
U.S. Agencies	48,847	-	48,847	-
Corporate Bonds	788,862	-	788,862	-
Equity Securities				
Equity Mutual Funds	6,410,275	6,410,275	-	-
Annuities	1,669,701	-	1,669,701	-
Total Investments by Fair Value Level	<u>12,058,235</u>	<u>9,550,825</u>	<u>2,507,410</u>	<u>-</u>

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### **Firefighters' Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Interest Rate Risk.* In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

*Credit Risk.* The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy prescribes to the "prudent person" rule which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the second objective of the attainment of market rates of return." The investments in the U.S. agencies were not rated, and the corporate bonds were rated A1 to Baa3 by Moody's.

*Custodial Credit Risk.* The Fund's investment policy does not require pledging of collateral for excess bank balances since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. At year-end, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

For investments, the Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Fund, to act as custodian for its securities and collateral.

*Concentration Risk.* The Fund does not have a formal written policy with regards to concentration credit risk for investments. In addition to the securities and fair values listed above, the Fund also has \$6,410,275 invested in equity mutual funds, and \$1,669,701 invested in annuities. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations).

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Concentration Risk – Continued.* The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	35.00%	5.00%
Domestic Equities	47.00%	8.50%
International Equities	8.00%	9.00%
Emerging Mkt Equities	10.00%	6.30%
Cash and Cash Equivalents	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2019 are listed in the table above.

##### Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

##### PROPERTY TAXES

Property taxes for 2018 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and August 1 during the following year. The County collects such taxes and remits them periodically.

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances as Restated	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 806,995	-	-	806,995
Depreciable Capital Assets				
Land Improvements	1,351,990	-	-	1,351,990
Buildings and Improvements	2,346,424	-	-	2,346,424
Equipment	3,792,265	-	-	3,792,265
Vehicles	5,418,876	40,100	-	5,458,976
	12,909,555	40,100	-	12,949,655
Less Accumulated Depreciation				
Land Improvements	418,567	46,330	-	464,897
Buildings and Improvements	2,018,857	10,415	-	2,029,272
Equipment	3,617,837	60,876	-	3,678,713
Vehicles	3,015,281	674,379	-	3,689,660
	9,070,542	792,000	-	9,862,542
Net Depreciable Capital Assets	3,839,013	(751,900)	-	3,087,113
Net Capital Assets	4,646,008	(751,900)	-	3,894,108

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 98,525
Public Safety	98,683
Public Works	594,792
	<u>792,000</u>

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS – Continued

##### Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ -	20,000	-	20,000
Depreciable Capital Assets				
Buildings and Improvements	3,535,990	-	-	3,535,990
Furniture and Equipment	402,105	-	-	402,105
Infrastructure	1,691,731	-	-	1,691,731
	5,629,826	-	-	5,629,826
Less Accumulated Depreciation				
Buildings and Improvements	1,866,218	78,577	-	1,944,795
Furniture and Equipment	346,734	3,488	-	350,222
Infrastructure	1,691,731	-	-	1,691,731
	3,904,683	82,065	-	3,986,748
Net Depreciable Capital Assets	1,725,143	(82,065)	-	1,643,078
Net Capital Assets	1,725,143	(62,065)	-	1,663,078

Depreciation expense was charged to business-type activities as follows:

Recreation Center	<u>\$ 82,065</u>
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# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

##### Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	<u>\$ 885,902</u>

Transfer from the nonmajor governmental fund are used to reimburse administrative fees paid by the General Fund.

##### Interfund Balances

Interfund balances will be paid within one year and relate to real estate taxes received at year end that were transferred subsequent to year end. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	<u>\$ 284,020</u>

##### Interfund Advances

Interfund advances as of the date of this report are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 672,160
General	Recreation Center	623,400
General	Sewer	436,712
Motor Fuel Tax	General	2,098,603
Nonmajor Governmental	General	2,858,781
Water	General	2,411,664
Police Pension	General	310,327
Firefighters' Pension	General	<u>15,223</u>
		<u>9,426,870</u>

Interfund advances represent payments of tax increment financing expenditures from the General Fund on behalf of these funds and property taxes owed to the pension funds from the General Fund. These amounts will be paid over several years.

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### SHORT-TERM DEBT

##### Tax Anticipation Warrants

The Village issues tax anticipation warrants to finance operations. Tax anticipation warrants currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,100,000 General Obligation Tax Anticipation Warrants of 2017 - Due in monthly installment of \$122,222 through November 5, 2018 and principal balance of \$1,100,000 on November 5, 2018 plus interest not to exceed 4.39% through November 8, 2018.	General	\$ 855,556	-	855,556	-

#### LONG-TERM DEBT

##### Deferred Charge on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. Amortization for 2019 was \$81,553 which is reported in the governmental activities. The balance of the deferred charge on refunding at April 30, 2019 was \$618,447 which is reported as a deferred outflow on the Statement of Net Position.

##### General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for operations. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$2,930,000 General Obligation Refunding Bonds of 2004C - Due in annual installments of \$165,000 to \$265,000 plus interest at 3.00% to 4.20% through December 1, 2019.	Debt Service	\$ 520,000	-	255,000	265,000

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

#### General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$2,275,000 General Obligation Corporate Purpose Bonds of 2004D - Due in annual installments of \$120,000 to \$220,000 plus interest at 4.70% to 6.00% through December 1, 2019.	Debt Service	\$ 430,000	-	210,000	220,000
\$11,535,000 General Obligation Bonds of 2009A - Due in annual installments of \$500,000 to \$1,000,000 plus interest at 2.50% to 4.50% through December 1, 2026.	Debt Service	7,865,000	-	900,000	6,965,000
\$5,455,000 General Obligation Build America Direct Payment Bonds of 2009B - Due in annual installments of \$220,000 to \$880,000 plus interest at 6.10% through December 1, 2029.	Debt Service	5,455,000	-	-	5,455,000
\$12,655,000 Taxable General Obligation Bonds of 2009C - Due in annual installments of \$500,000 to \$1,000,000 plus interest at 2.61% to 5.77% through December 1, 2024.	Debt Service	7,055,000	-	1,000,000	6,055,000
\$1,300,000 General Obligation Bonds of 2017 - Due in one installment of \$1,300,000 plus interest at 3.00% through December 1, 2018.	Debt Service	1,300,000	-	1,300,000	-



# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

#### General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,300,000 General Obligation Bonds of 2018 - Due in three installments of \$170,000 to \$750,000 plus interest at 3.00% through August 13, 2019.	Debt Service	\$ -	1,300,000	170,000	1,130,000
		22,625,000	1,300,000	3,835,000	20,090,000

#### Capital Leases

The Village has entered into three lease agreements as lessee for financing the acquisition of two fire trucks and a street sweeper. Capital assets of \$1,250,640 have been added to vehicles as a result of these capital leases. These lease agreements qualify as a capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases has been recorded as a governmental activity liability.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

Fiscal Year	Lease Payments			
	2015 Fire Truck	2018 Fire Truck	Street Sweeper	Total
2020	\$ 84,532	49,718	39,934	174,184
2021	-	49,718	39,934	89,652
2022	-	49,718	39,934	89,652
2023	-	49,718	39,934	89,652
2024	-	49,718	39,934	89,652
2025	-	49,718	-	49,718
2026	-	49,718	-	49,718
2027	-	49,718	-	49,718
2028	-	49,718	-	49,718
	84,532	447,462	199,670	731,664
Interest Portion	(2,270)	(85,908)	(23,958)	(112,136)
Principal Balance	82,262	361,554	175,712	619,528

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### LONG-TERM DEBT – Continued

#### Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 1,736,551	65,482	130,964	1,671,069	334,214
Net Pension Liability - Police	27,977,895	-	12,864,657	15,113,238	-
Net Pension Liability - Firefighters'	14,764,660	-	1,467,260	13,297,400	-
Total OPEB Liability - RBP	1,208,863	65,774	-	1,274,637	-
General Obligation Bonds	22,625,000	1,300,000	3,835,000	20,090,000	2,670,000
Unamortized Bond Premium	228,072	-	26,571	201,501	-
Unamortized Bond Discount	(36,126)	-	(3,119)	(33,007)	-
Capital Leases	731,626	-	112,098	619,528	147,487
Claims Payable	2,068,380	614,955	-	2,683,335	-
	<u>71,304,921</u>	<u>2,046,211</u>	<u>18,433,431</u>	<u>54,917,701</u>	<u>3,151,701</u>
<b>Business-Type Activities</b>					
Compensated Absences	25,375	39,802	19,901	45,276	9,055
Total OPEB Liability - RBP	121,981	6,636	-	128,617	-
City of Chicago Payable	<u>1,365,490</u>	<u>7,720,853</u>	<u>600,000</u>	<u>8,486,343</u>	<u>643,842</u>
	<u>1,512,846</u>	<u>7,767,291</u>	<u>619,901</u>	<u>8,660,236</u>	<u>652,897</u>

For the governmental activities, payments on the compensated absences, the net pension liabilities, and the total OPEB liability are made by the General Fund. The General Fund makes payments on the capital leases. Payments on general obligation bonds are being liquidated by the Debt Service Fund.

Additionally, for business-type activities, the compensated absences and the total OPEB liability are being liquidated by the Water Fund, the Recreation Fund, and the Sewer Fund. The Water Fund makes payments on the City of Chicago payable.

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. “The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.” To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

##### Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities	
	General Obligation	
	Bonds	
	Principal	Interest
2020	\$ 2,670,000	1,016,846
2021	2,185,000	924,855
2022	2,250,000	815,135
2023	2,275,000	699,685
2024	2,300,000	582,710
2025	2,325,000	461,710
2026	1,755,000	339,185
2027	1,785,000	248,130
2028	815,000	155,245
2029	850,000	105,530
2030	880,000	53,680
Totals	20,090,000	5,402,711

## **VILLAGE OF DOLTON, ILLINOIS**

### **Notes to the Financial Statements April 30, 2019**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **OTHER COMMITMENTS**

###### **City of Chicago Agreement**

In November 2014, an agreement was reached between the Village and the City of Chicago for balances owed by the Village for past water purchases. The Village defaulted on this agreement, and the City of Chicago filed a lawsuit against the Village which would require the Village to pay on all outstanding balances and penalties due. In November 2018, the Court ruled in favor of the City of Chicago in the amount of \$9,086,343, which represents past amounts of \$7,230,505 of principal and \$1,855,838 of penalties with 6% interest accruing per 735 ILCS 5/2-1303. As of April 30, 2019, the outstanding balance of \$8,486,343 is recorded as a liability in the Water Fund.

###### **Economic Incentive Agreement**

Under an Economic Initiative Agreement entered into in March of 2009, the Village agreed to share with Ralph's Grocery a portion of sales tax generated by the project, limited to a period of twenty years. The revenue sharing is determined as follows: 70% for years 1 through 5 of the agreement, 50% for years 6 through 10, and 33% for years 11 through 20. Through the fiscal year ended April 30, 2019, the Village has incurred \$817,603 to be paid to Ralph's Grocery. As of April 30, 2019, the Village has made payments of \$716,918, including \$68,679 of current year expenditures recorded in the General Fund. As of April 30, 2019, the amount outstanding from the Village to Ralph's Grocery is \$100,685.

###### **Redevelopment Agreement**

Under a Redevelopment Agreement entered into December 2001, the Village agreed to reimburse eligible costs associated with a development located at Woodlawn and Sibley Blvd. In addition, the Village agreed to provide incentive payments to the developer in the amount of \$350,000 per year, limited to a period of twenty years. Through the fiscal year ended April 30, 2019, the Village has incurred total expenditures of \$6,833,000. As of April 30, 2019, the Village has made payments of \$5,635,333, including \$350,000 of current year expenditures recorded in the Sibley TIF #2 Fund. The outstanding balance has been recorded as a liability in the Sibley TIF #2 Fund. As of April 30, 2019, the amount outstanding from the Village to the developer is \$1,014,667.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### OTHER COMMITMENTS – Continued

#### NET POSITION/FUND BALANCE

##### Net Position/Fund Balance Restatements

Beginning net position was restated due to the implementation of GASB Statement No. 75 in the governmental activities and business-type activities. In addition, the governmental activities were restated to correct an error in capital assets. In addition, beginning fund balance in several funds was restated to correct an error in the reallocation of expenses. The following is a summary of the net position as originally reported and as restated:

Net Position/Fund Balance	As Reported	As Restated	Increase/ (Decrease)
Governmental Activities	\$ (58,528,619)	(57,430,224)	1,098,395
Business-Type Activities	913,839	(1,215,160)	(2,128,999)
General	(5,436,739)	(3,429,721)	2,007,018
Water	(1,254,559)	(2,498,141)	(1,243,582)
Recreation Center	1,353,757	1,349,552	(4,205)
Sewer	814,641	(66,571)	(881,212)

##### Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2019:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 3,894,108
Plus: Unspent Bond Proceeds	554,604
Less Capital Related Debt:	
General Obligation Build America Direct Payment Bonds of 2009B	(5,455,000)
Taxable General Obligation Bonds of 2009C	(4,299,050)
Unamortized Bond Discount	33,007
Capital Leases	<u>(619,528)</u>
Net Investment in Capital Assets	<u><u>(5,891,859)</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	<u><u>1,663,078</u></u>

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### NET POSITION/FUND BALANCE – Continued

##### Fund Balance Classifications

In the governmental fund financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

*Minimum Fund Balance Policy.* The Villages policy manual states that the General Fund should represent no less than three months and no more than six months of operating expenditures. Balances above the maximum are transferred to other funds or to capital projects at the Board's discretion.

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCE – Continued

##### Fund Balance Classifications – Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue Motor Fuel Tax	Debt Service	Nonmajor	Totals
Fund Balances					
Nonspendable					
Advances	\$ 1,732,272	-	-	-	1,732,272
Prepays	72,680	-	-	-	72,680
Land Held for Resale	245,712	-	-	-	245,712
Inventories	28,336	-	-	-	28,336
	<u>2,079,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,079,000</u>
Restricted					
Grants	17,306	-	-	-	17,306
JAG Grant	11,118	-	-	-	11,118
Narcint	48,301	-	-	-	48,301
E911	125	-	-	-	125
State Forfeited	8,206	-	-	-	8,206
Federal Forfeiture	9,638	-	-	-	9,638
Forfeiture Holding	127,667	-	-	-	127,667
Unspent Bond Proceeds	554,604	-	-	-	554,604
Public Works	-	3,142,364	-	-	3,142,364
Debt Service	-	-	1,079,503	-	1,079,503
Economic Development	-	-	-	3,413,807	3,413,807
	<u>776,965</u>	<u>3,142,364</u>	<u>1,079,503</u>	<u>3,413,807</u>	<u>8,412,639</u>
Committed					
Foreign Fire Insurance	21,197	-	-	-	21,197
Unassigned	(2,783,607)	-	-	(1,638,937)	(4,422,544)
Total Fund Balances	<u>93,555</u>	<u>3,142,364</u>	<u>1,079,503</u>	<u>1,774,870</u>	<u>6,090,292</u>

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

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### NOTE 4 – OTHER INFORMATION

#### RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased private insurance for medical, dental, and other employee benefits. The Village is self-insured for the first \$250,000 of workers' compensation benefits and has purchased specific excess coverage for the next \$1,100,000. The Village is also self-insured for the first \$50,000 per occurrence for liability coverage. In addition, the Village maintains an aggregate excess policy for combined workers' compensation and liability claims in excess of \$1,100,000. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years. The Village's self-insurance activities are reported in the governmental activities.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an number of claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and number of payouts, and other economic and social factors. Changes in the balances of claims liabilities are as follows:

	Workers' Compensation	Liability	Totals
Claims Payable - April 30, 2017	\$ 1,065,020	279,653	1,344,673
Incurred Claims	833,440	419,620	1,253,060
Claims Paid	(222,508)	(306,845)	(529,353)
Claims Payable - April 30, 2018	1,675,952	392,428	2,068,380
Incurred Claims	1,035,843	477,297	1,513,140
Claims Paid	(267,889)	(630,296)	(898,185)
Claims Payable - April 30, 2019	2,443,906	239,429	2,683,335

#### JOINTLY GOVERNED ORGANIZATION

Effective January 1, 2018, the Village established a Joint Emergency Telephone Systems Board "JETS" with the Village of Burnham. The System's Board consists of seven members, of which three members are representatives from the Village. The System's Board is responsible for maintaining the Fund including receiving monies from surcharge fees and approving all disbursements from the Fund. The System's Board is responsible for coordinating the operating and maintenance of the System.

#### CONTINGENT LIABILITIES

##### Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.



## **VILLAGE OF DOLTON, ILLINOIS**

### **Notes to the Financial Statements April 30, 2019**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **CONTINGENT LIABILITIES – Continued**

###### **Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

###### **TIF Expiration**

The I-94 Sibley TIF expired on December 31, 2016. As of the opinion date, the Village has not formally closed the TIF with the State and the County. Among the requirements to close a TIF is to pay to the County any surplus TIF incremental tax revenues at the expiration of the TIF. The Village is in the process of reviewing whether any TIF-eligible projects will occur with the remaining fund balance. At this time, the Village is unable to estimate the amount, if any, that will be required to be repaid to the County.

###### **Overpayment of Local Motor Fuel Tax**

It was determined in February 2017 that Ralph's Grocery had overpaid the Village for their share of Local Motor Fuel taxes. The Village is in the process of coming to an agreement on what is to be paid back to Ralph's Grocery. As of the fiscal year ended April 30, 2019 the amount due is not yet determinable.

###### **Community Development**

The Village participates in various community development projects and secures funding from the United States Department of Housing and Urban Development (HUD). The primary objective the Cook County Development Block Grant Program (CDBG) is to develop suitable urban communities by providing affordable housing with a comfortable living environment and by expanding economic opportunities principally for persons with low to moderate income levels. Housing activities will conserve and expand the urban county's housing availability and will provide equal access to housing for all persons. The stimulation of private investment and job creation will preserve economic development an address public health and safety for the overall quality of life in the community.

###### **Loans to Other Governments**

In 2007, the Village extended a non-interest bearing loan, in the amount of \$300,000 to the Dolton Park District for purpose of working capital. The loan is to be repaid when it is financially feasible for the Park District. As of April 30, 2019, the total amount outstanding is \$300,000. The activity of the loan is reported in the Village's General Fund.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

##### CONTINGENT LIABILITIES – Continued

##### Police Lieutenant and Sergeant Contract

The Village of Dolton's Police Lieutenant and Sergeant Contract expired on April 30, 2017. As of the opinion date, the Union Contract is still under negotiation and the Village expects to enter arbitration in the upcoming months. At this time, the Village is unable to estimate the amount, if any, that will be required to be repaid to the members of the Police Union.

##### DEFERRED COMPENSATION PLAN

The Village provides a 457 deferred compensation plan to its employees, administered by the United States Conference of Mayors (USCM) contracted with Nationwide Retirement Solutions, Inc. (formerly PEBSCO). The intent of the plan is to assist employees in establishing an increased measure of financial security by providing additional retirement income through the deferral of before-tax dollars and the reduction of current income tax liability. The plan is offered to all full-time employees and is non-participatory by the Village.

##### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the Village at 14122 Chicago Road, Dolton, Illinois 60419. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amount of pension expense recognized for the three pension plans is:

IMRF	\$ 107,752
Police Pension	305,055
Firefighters' Pension	1,334,991
	<u>1,747,798</u>

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF)

##### Plan Descriptions

*Plan Administration.* All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*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).

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

*Plan Membership.* As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	95
Inactive Plan Members Entitled to but not yet Receiving Benefits	44
Active Plan Members	<u>57</u>
Total	<u><u>196</u></u>

*Contributions.* As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2019, the Village's contribution was 2.33% of covered payroll.

*Net Pension Liability/(Asset).* The Village's net pension liability/(asset) was measured as of December 31, 2018. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability/(asset) was determined by an actuarial valuation performed, as of December 31, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Plan Descriptions – Continued

*Actuarial Assumptions – Continued.* For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.75%
Domestic Equities	37.00%	7.15%
International Equities	18.00%	7.25%
Real Estate	9.00%	6.25%
Blended	7.00%	3.20% - 8.50%
Cash and Cash Equivalents	1.00%	2.50%

##### Discount Rate

The discount rate used to measure the total pension liability was 7.25%, and the discount rate in the prior valuation was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability/(asset) of the Village calculated using the discount rate as well as what the Village's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset) \$	1,571,117	(635,304)	(2,484,035)

##### Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2017	\$ 20,158,999	24,026,237	(3,867,238)
Changes for the Year:			
Service Cost	250,150	-	250,150
Interest on the Total Pension Liability	1,466,994	-	1,466,994
Difference Between Expected and Actual Experience of the Total Pension Liability	(231,840)	-	(231,840)
Changes of Assumptions	492,117	-	492,117
Contributions - Employer	-	86,375	(86,375)
Contributions - Employees	-	127,836	(127,836)
Net Investment Income	-	(1,639,113)	1,639,113
Benefit Payments, including Refunds of Employee Contributions	(1,448,303)	(1,448,303)	-
Other (Net Transfer)	-	170,389	(170,389)
Net Changes	529,118	(2,702,816)	3,231,934
Balances at December 31, 2018	20,688,117	21,323,421	(635,304)

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2019, the Village recognized pension expense of \$107,752. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(194,767)	(194,767)
Change in Assumptions	314,573	(264,212)	50,361
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,498,231	-	1,498,231
Total Pension Expense to be Recognized in Future Periods	1,812,804	(458,979)	1,353,825
Pension Contributions Made Subsequent to the Measurement Date	7,987	-	7,987
Total Deferred Amounts Related to IMRF	1,820,791	(458,979)	1,361,812

\$7,987 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2020.

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:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 345,877
2021	175,174
2022	152,534
2023	680,240
2024	-
Thereafter	-
Total	1,353,825

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan

##### Plan Descriptions

*Plan Administration.* The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

*Plan Membership.* At April 30, 2019, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	40
Inactive Plan Members Entitled to but not yet Receiving Benefits	6
Active Plan Members	<u>43</u>
Total	<u><u>89</u></u>

*Benefits Provided.* The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.



## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

##### Plan Descriptions – Continued

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2019, the Village's contribution was 31.61% of covered payroll.

*Concentrations.* At year-end, the Pension Plan does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

##### Plan Descriptions – Continued

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of April 30, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.50% - 11.00%
Cost of Living Adjustments	3.00%
Inflation	2.50%

Mortality rates are based on an independent actuary assumption study for Illinois Police 2016.

##### Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability and 5.16% was used in the prior valuation. 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 7.00%, the municipal bond rate is 3.21%, and the resulting single discount rate is 7.00%.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

##### Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 20,466,544	15,113,238	10,658,310

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2018	\$ 54,683,137	26,705,242	27,977,895
Changes for the Year:			
Service Cost	1,331,537	-	1,331,537
Interest on the Total Pension Liability	2,833,063	-	2,833,063
Difference Between Expected and Actual Experience of the Total Pension Liability	(2,041,387)	-	(2,041,387)
Changes of Assumptions	(11,538,125)	-	(11,538,125)
Contributions - Employer	-	981,174	(981,174)
Contributions - Employees	-	307,589	(307,589)
Net Investment Income	-	2,242,216	(2,242,216)
Benefit Payments, including Refunds of Employee Contributions	(2,220,702)	(2,220,702)	-
Administrative Expenses	-	(81,234)	81,234
Net Changes	(11,635,614)	1,229,043	(12,864,657)
Balances at April 30, 2019	43,047,523	27,934,285	15,113,238

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

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

For the year ended April 30, 2019, the Village recognized pension revenue of \$305,055. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 143,246	(2,054,766)	(1,911,520)
Change in Assumptions	2,074,732	(10,215,805)	(8,141,073)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(309,757)	(309,757)
Total Deferred Amounts Related to Police Pension	2,217,978	(12,580,328)	(10,362,350)

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:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2020	\$ (2,409,393)
2021	(2,854,671)
2022	(2,767,764)
2023	(2,376,232)
2024	45,710
Thereafter	-
Total	(10,362,350)

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Firefighters' Pension Plan

###### Plan Descriptions

*Plan Administration.* The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

*Plan Membership.* At April 30, 2019, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	20
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>22</u>
Total	<u><u>44</u></u>

*Benefits Provided.* The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Firefighters' Pension Plan – Continued

#### Plan Descriptions – Continued

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2019, the Village's contribution was 40.99% of covered payroll.

*Concentrations.* At year end, the Pension Plan does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Firefighters' Pension Plan – Continued

#### Plan Descriptions – Continued

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of April 30, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	Graded by Years of Service
Cost of Living Adjustments	3.00%
Inflation	3.00%

Mortality rates are based on the RP-2014 study, with blue collar adjustment projected from 2013. These rates are improved fully generationally using MP2018 improvement rates.

#### Discount Rate

A Single Discount Rate of 6.02% was used to measure the total pension liability and a discount rate of 5.36% was used in the prior valuation. 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 7.00%, the municipal bond rate is 3.79%, and the resulting single discount rate is 6.02%.

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Firefighters' Pension Plan – Continued

#### Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.02%)	Current Discount Rate (6.02%)	1% Increase (7.02%)
Net Pension Liability	\$ 17,083,778	13,297,400	10,238,569

#### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2018	\$ 27,174,332	12,409,672	14,764,660
Changes for the Year:			
Service Cost	611,964	-	611,964
Interest on the Total Pension Liability	1,420,450	-	1,420,450
Difference Between Expected and Actual Experience of the Total Pension Liability	1,032,350	-	1,032,350
Changes of Assumptions	(3,149,186)	-	(3,149,186)
Contributions - Employer	-	714,777	(714,777)
Contributions - Employees	-	152,361	(152,361)
Net Investment Income	-	553,339	(553,339)
Benefit Payments, including Refunds of Employee Contributions	(1,243,188)	(1,243,188)	-
Administrative Expenses	-	(37,639)	37,639
Net Changes	(1,327,610)	139,650	(1,467,260)
Balances at April 30, 2019	25,846,722	12,549,322	13,297,400



# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Firefighters' Pension Plan – Continued

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

For the year ended April 30, 2019, the Village recognized pension expense of \$1,334,991. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,239,654	(2,177)	1,237,477
Change in Assumptions	2,313,143	(3,581,608)	(1,268,465)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	391,140	-	391,140
Total Deferred Amounts Related to Firefighters' Pension	3,943,937	(3,583,785)	360,152

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:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2020	\$ 272,814
2021	30,262
2022	47,626
2023	67,101
2024	6,667
Thereafter	(64,318)
Total	360,152

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

##### OTHER POST-EMPLOYMENT BENEFITS

###### General Information about the OPEB Plan

*Plan Description.* The Village's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Village. RBP is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided.* RBP provides dental, vision and life insurance coverage to eligible retirees. Retiree-paid premiums for these insurances are assumed to cover the entire cost of the respective benefits. Retiree dental, vision and life coverages are not taken into consideration in this valuation of benefits.

*Plan Membership.* As of April 30, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	11
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>128</u>
Total	<u>139</u>

###### Total OPEB Liability

The Village's total OPEB liability was measured as of April 30, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the April 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

#### Total OPEB Liability – Continued

#### *Actuarial Assumptions and Other Inputs – Continued*

Inflation	2.50%
Salary Increases	Varies by Service
Discount Rate	3.21%
Healthcare Cost Trend Rates	Initial rate of 7.50% in fiscal year 2019, grading down to the ultimate trend rate of 4.00% in fiscal year 2075.
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

The discount rate was based upon the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

Mortality rates for Village employees were based on the RP-2014 Blue Collar Table, projected generationally with Scale MP-2017. Police and Fire employees were based on the PubS-2010 employee mortality projected five years past the valuation date using Scale MP-2018.

#### Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2018	<u>\$ 1,330,844</u>
Changes for the Year:	
Service Cost	51,950
Interest on the Total Pension Liability	50,612
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	47,851
Benefit Payments	<u>(78,003)</u>
Net Changes	<u>72,410</u>
Balance at April 30, 2019	<u><u>1,403,254</u></u>

## VILLAGE OF DOLTON, ILLINOIS

### Notes to the Financial Statements April 30, 2019

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 3.21%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.21%)	Current Discount Rate (3.21%)	1% Increase (4.21%)
Total OPEB Liability	\$ 1,526,259	1,403,254	1,292,775

##### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using current Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	(6.50% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.50% decreasing to 4.00%)	(8.50% decreasing to 5.00%)
Total OPEB Liability	\$ 1,272,773	1,403,254	1,553,670

##### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the Village recognized OPEB expense of \$113,879. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

# VILLAGE OF DOLTON, ILLINOIS

## Notes to the Financial Statements April 30, 2019

### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in Assumptions	42,534	-	42,534
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	42,534	-	42,534

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 5,317
2021	5,317
2022	5,317
2023	5,317
2024	5,317
Thereafter	15,949
Total	42,534

#### SUBSEQUENT EVENT

On June 3, 2019, the Village authorized the issuance of \$1,400,000 General Obligation Bonds of 2019, payable on December 1, 2020. The Series 2019 Bonds bear interest at the rate of 3.0% per annum with interest payable on December 1, 2019, June 1, 2020, and December 1, 2020. These bonds have been transferred to Homewood Disposal Service, Inc. in consideration of past and future amounts due for refuse collection and disposal services.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Investment Returns
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
  - Retiree Benefits Plan
- Budgetary Comparison Schedule
  - General Fund
  - Motor Fuel Tax – Special Revenue Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

# VILLAGE OF DOLTON, ILLINOIS

## Illinois Municipal Retirement Fund

### Required Supplementary Information

### Schedule of Employer Contributions

April 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 141,746	\$ 141,950	\$ 204	\$ 2,362,425	6.01%
2017	179,936	244,112	64,176	2,860,670	8.53%
2018	125,551	125,551	-	2,761,650	4.55%
2019	62,048	62,048	-	2,661,841	2.33%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

## VILLAGE OF DOLTON, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information Schedule of Employer Contributions April 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,113,611	\$ 716,574	\$ (397,037)	\$ 2,939,400	24.38%
2016	1,236,858	787,728	(449,130)	3,221,094	24.46%
2017	1,200,342	762,459	(437,883)	3,405,262	22.39%
2018	1,414,979	721,564	(693,415)	3,159,810	22.84%
2019	1,532,868	981,174	(551,694)	3,103,824	31.61%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	5.00% - 10.63%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	Independent Actuary 2016 Illinois Police Mortality Rates

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.



## VILLAGE OF DOLTON, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information Schedule of Employer Contributions April 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 679,271	\$ 455,180	\$ (224,091)	\$ 1,391,319	32.72%
2016	603,043	499,389	(103,654)	1,667,358	29.95%
2017	645,365	485,543	(159,822)	1,653,009	29.37%
2018	806,828	456,912	(349,916)	1,710,864	26.71%
2019	855,659	714,777	(140,882)	1,743,646	40.99%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	Graded by years of service
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP2014 base rates with blue collar adjustments projected from 2013 with scale MP2018 fully generationally.

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

## VILLAGE OF DOLTON, ILLINOIS

### Illinois Municipal Retirement Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2019

	<u>12/31/2015</u>
Total Pension Liability	
Service Cost	\$ 217,866
Interest	1,468,511
Differences Between Expected and Actual Experience	70,698
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(1,322,421)</u>
Net Change in Total Pension Liability	434,654
Total Pension Liability - Beginning	<u>20,132,424</u>
Total Pension Liability - Ending	<u><u>20,567,078</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 141,950
Contributions - Members	107,417
Net Investment Income	106,340
Benefit Payments, Including Refunds of Member Contributions	(1,322,421)
Other (Net Transfer)	<u>272,643</u>
Net Change in Plan Fiduciary Net Position	(694,071)
Plan Net Position - Beginning	<u>21,804,621</u>
Plan Net Position - Ending	<u><u>21,110,550</u></u>
Employer's Net Pension Obligation	<u><u>\$ (543,472)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	102.64%
Covered Payroll	\$ 2,362,425
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(23.00%)

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/2016	12/31/2017	12/31/2018
291,620	312,308	250,150
1,497,434	1,498,458	1,466,994
(330,146)	(110,959)	(231,840)
-	(655,580)	492,117
(1,494,194)	(1,417,020)	(1,448,303)
(35,286)	(372,793)	529,118
20,567,078	20,531,792	20,158,999
20,531,792	20,158,999	20,688,117
244,112	152,588	86,375
129,850	138,809	127,836
1,416,783	4,211,306	(1,639,113)
(1,494,194)	(1,417,020)	(1,448,303)
719,146	(1,185,693)	170,389
1,015,697	1,899,990	(2,702,816)
21,110,550	22,126,247	24,026,237
22,126,247	24,026,237	21,323,421
(1,594,455)	(3,867,238)	(635,304)
107.77%	119.18%	103.07%
2,860,670	2,922,475	2,742,081
(55.74%)	(132.33%)	(23.17%)

## VILLAGE OF DOLTON, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information

#### Schedule of Changes in the Employer's Net Pension Liability

April 30, 2019

	2015
Total Pension Liability	
Service Cost	\$ 1,301,043
Interest	2,212,327
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	(1,786,828)
Net Change in Total Pension Liability	1,726,542
Total Pension Liability - Beginning	46,135,266
Total Pension Liability - Ending	47,861,808
Plan Fiduciary Net Position	
Contributions - Employer	716,574
Contributions - Members	329,382
Net Investment Income	1,662,239
Benefit Payments, Including Refunds of Member Contributions	(1,786,828)
Administrative Expense	(70,626)
Net Change in Plan Fiduciary Net Position	850,741
Plan Net Position - Beginning	24,782,844
Plan Net Position - Ending	25,633,585
Employer's Net Pension Liability	22,228,223
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.56%
Covered Payroll	2,939,400
Employer's Net Pension Liability as a Percentage of Covered Payroll	756.22%

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

2016	2017	2018	2019
1,238,399	1,332,573	1,406,131	1,331,537
2,513,788	2,707,162	2,697,387	2,833,063
(831,040)	(247,761)	213,124	(2,041,387)
965,468	(1,938,831)	2,575,606	(11,538,125)
(1,750,240)	(1,910,799)	(2,149,638)	(2,220,702)
2,136,375	(57,656)	4,742,610	(11,635,614)
47,861,808	49,998,183	49,940,527	54,683,137
49,998,183	49,940,527	54,683,137	43,047,523
787,728	762,459	721,564	981,174
325,100	325,913	309,041	307,589
(457,288)	2,200,659	2,129,149	2,242,216
(1,750,240)	(1,910,799)	(2,149,638)	(2,220,702)
(83,581)	(70,723)	(67,687)	(81,234)
(1,178,281)	1,307,509	942,429	1,229,043
25,633,585	24,455,304	25,762,813	26,705,242
24,455,304	25,762,813	26,705,242	27,934,285
25,542,879	24,177,714	27,977,895	15,113,238
48.91%	51.59%	48.84%	64.89%
3,221,094	3,405,262	3,159,810	3,103,824
792.99%	710.01%	885.43%	486.92%

## VILLAGE OF DOLTON, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2019

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 566,874
Interest	1,167,617
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(846,907)</u>
Net Change in Total Pension Liability	887,584
Total Pension Liability - Beginning	<u>20,554,789</u>
Total Pension Liability - Ending	<u><u>21,442,373</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	455,180
Contributions - Members	126,553
Net Investment Income	486,676
Benefit Payments, Including Refunds of Member Contributions	(846,907)
Administrative Expense	<u>(24,167)</u>
Net Change in Plan Fiduciary Net Position	197,335
Plan Net Position - Beginning	<u>11,987,452</u>
Plan Net Position - Ending	<u><u>12,184,787</u></u>
Employer's Net Pension Liability	<u><u>9,257,586</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.83%
Covered Payroll	1,391,319
Employer's Net Pension Liability as a Percentage of Covered Payroll	665.38%

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

2016	2017	2018	2019
702,731	646,616	683,732	611,964
1,136,396	1,400,881	1,392,754	1,420,450
368,615	219,638	(2,783)	1,032,350
2,157,958	(1,311,622)	1,405,032	(3,149,186)
(873,808)	(1,057,328)	(1,136,853)	(1,243,188)
3,491,892	(101,815)	2,341,882	(1,327,610)
21,442,373	24,934,265	24,832,450	27,174,332
24,934,265	24,832,450	27,174,332	25,846,722
499,389	485,543	456,912	714,777
151,144	198,450	151,907	152,361
(368,320)	882,593	921,160	553,339
(873,808)	(1,057,328)	(1,136,853)	(1,243,188)
(21,884)	(32,596)	(31,424)	(37,639)
(613,479)	476,662	361,702	139,650
12,184,787	11,571,308	12,047,970	12,409,672
11,571,308	12,047,970	12,409,672	12,549,322
13,362,957	12,784,480	14,764,660	13,297,400
46.41%	48.52%	45.67%	48.55%
1,667,358	1,653,009	1,710,864	1,743,646
801.44%	773.41%	862.99%	762.62%

**VILLAGE OF DOLTON, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information**

**Schedule of Investment Returns**

**April 30, 2019**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	6.87%
2016	(1.82%)
2017	9.26%
2018	8.89%
2019	8.56%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.



**VILLAGE OF DOLTON, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information**

**Schedule of Investment Returns**

**April 30, 2019**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	4.40%
2016	(3.13%)
2017	7.83%
2018	7.77%
2019	4.60%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

## VILLAGE OF DOLTON, ILLINOIS

### Retiree Benefits Plan

#### Required Supplementary Information Schedule of Changes in the Employer's Total OPEB Liability April 30, 2019

	2019
Total OPEB Liability	
Service Cost	\$ 51,950
Interest	50,612
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions or Other Inputs	47,851
Benefit Payments	(78,003)
Other Changes	-
Net Change in Total OPEB Liability	72,410
Total OPEB Liability - Beginning	1,330,844
Total OPEB Liability - Ending	1,403,254
Covered Payroll	\$ 7,585,149
Total OPEB Liability as a Percentage of Covered Payroll	18.50%

#### Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

*Changes of Benefit Terms.* There was no change in the retirees' share of health insurance premiums.

*Changes of Assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

Fiscal Year	Health Care
2020	7.50%
2021	7.00%
2022	6.50%
2023-2024	6.00%
2025-2026	5.75%
2027-2028	5.50%
2029-2048	5.25%
2049-2057	5.00%
2058-2067	4.75%
2068-2070	4.50%
2071-2074	4.25%
Ultimate	4.00%

In 2019, there was no change in the healthcare trend rates from the prior year.

## VILLAGE OF DOLTON, ILLINOIS

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 9,130,918	9,130,918	12,135,278
Intergovernmental	2,281,660	2,281,660	2,743,677
Licenses and Permits	1,161,680	1,161,680	1,194,531
Charges for Services	1,502,534	1,502,534	1,714,612
Fines and Forfeitures	1,647,000	1,647,000	3,438,414
Interest	4,000	4,000	17,733
Miscellaneous	884,346	884,346	537,378
Total Revenues	16,612,138	16,612,138	21,781,623
Expenditures			
General Government	5,005,128	5,005,128	6,021,347
Public Safety	8,898,182	8,898,182	10,589,754
Public Works	2,150,733	2,329,148	1,985,743
Public Property Maintenance	1,680,000	1,680,000	1,700,620
Debt Service			
Principal Retirement	855,556	855,556	112,098
Interest and Fiscal Charges	28,000	28,000	34,687
Total Expenditures	18,617,599	18,796,014	20,444,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,005,461)	(2,183,876)	1,337,374
Other Financing Sources			
Debt Issuance	900,000	900,000	1,300,000
Transfers In	600,000	600,000	885,902
	1,500,000	1,500,000	2,185,902
Net Change in Fund Balance	(505,461)	(683,876)	3,523,276
Fund Balance - Beginning as Restated			(3,429,721)
Fund Balance - Ending			93,555

## VILLAGE OF DOLTON, ILLINOIS

### Motor Fuel Tax - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotment	\$ 600,000	600,000	587,730
Interest	-	-	16,557
Total Revenues	600,000	600,000	604,287
Expenditures			
Public Works			
Maintenance	200,000	200,000	466,604
Net Change in Fund Balance	400,000	400,000	137,683
Fund Balance - Beginning			3,004,681
Fund Balance - Ending			3,142,364

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Pension Trust Funds
- Consolidated Year-End Financial Report

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **GENERAL FUND**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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## **SPECIAL REVENUE FUNDS**

The Special revenue funds account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for allotments of motor fuel taxes from the State of Illinois made on a per capita basis. The Village uses these funds to maintain and construct transportation-related community needs, such as streets, bridges, and traffic signals.

### **Sibley TIF #2 Fund**

The Sibley TIF #2 Fund is used to account for the incremental property taxes of the Sibley Tax Incremental Financing District #2 and the use of those funds.

### **I-94 Sibley TIF Fund**

The I-94 Sibley TIF Fund is used to account for the incremental property taxes of the I-94 Sibley Tax Incremental Financing District and the use of those funds.

### **TIF #3 Indulux Fund**

The TIF #3 Indulux Fund is used to account for the incremental property taxes of the Tax Incremental Financing District #3 Indulux and the use of those funds.

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## **DEBT SERVICE FUNDS**

The Debt Service Funds account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

### **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal and interest on the Village's long-term debt.

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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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## **ENTERPRISE FUNDS**

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose. The Village has major and nonmajor enterprise funds.

### **Water Fund**

The Water Fund is used to account for the provisions of the water to the residents of 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 collection.

### **Recreation Center Fund**

The Recreation Center Fund is used to account for the provisions of the Melanie Fitness Center. 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 collection.

### **Sewer Fund**

The Sewer Fund is used to account for the operating activities of the Village's sewerage utilities services on a user-charge basis to the Village residents.

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## **PENSION TRUST FUNDS**

### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

### **Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees of the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

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# VILLAGE OF DOLTON, ILLINOIS

## General Fund

### Schedule of Revenues - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 4,503,718	4,503,718	6,869,562
Sales Tax	2,580,000	2,580,000	2,876,718
Transfer Tax	200,000	200,000	267,558
Utility Tax	1,670,000	1,670,000	1,722,096
Hotel Tax	7,200	7,200	7,200
Other Taxes	170,000	170,000	392,144
Total Taxes	9,130,918	9,130,918	12,135,278
Intergovernmental			
State Income Tax	2,000,000	2,000,000	2,393,806
Replacement Tax	225,000	225,000	232,058
Local Motor Fuel Tax	47,000	47,000	41,083
911 Service Surcharges	9,660	9,660	13,464
Grants	-	-	63,266
Total Intergovernmental	2,281,660	2,281,660	2,743,677
Licenses and Permits			
Licenses	798,530	798,530	754,249
Permits	363,150	363,150	440,282
Total Licenses and Permits	1,161,680	1,161,680	1,194,531
Charges for Services			
Fees and Service Charges	50,000	50,000	63,478
Refuse Collection Fees	1,452,534	1,452,534	1,651,134
Total Charges for Services	1,502,534	1,502,534	1,714,612
Fines and Forfeitures	1,647,000	1,647,000	3,438,414
Interest	4,000	4,000	17,733
Miscellaneous			
Rental Income	50,538	50,538	74,957
Reimbursements	25,000	25,000	188,985
Employee Contributions	549,808	549,808	-
Other	259,000	259,000	273,436
Total Miscellaneous	884,346	884,346	537,378
Total Revenues	16,612,138	16,612,138	21,781,623



## VILLAGE OF DOLTON, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
General Government			
General			
Salaries	\$ 336,680	336,680	403,812
Benefits	1,393,804	1,393,804	1,356,004
Printing and Publishing	2,500	2,500	5,869
Office Supplies	7,000	7,000	4,887
Maintenance Supplies	-	-	1,105
Postage and Shipping	1,000	1,000	5,242
Insurance	959,500	959,500	1,097,973
Repairs and Maintenance	10,000	10,000	23,313
Utilities	200,000	200,000	92,523
Telephones	200,000	200,000	171,243
Training, Travel and Meetings	6,000	6,000	325
Membership Dues	22,000	22,000	19,770
Special Event Activities	10,000	10,000	4,071
Auditing	100,000	100,000	125,691
Legal Services	300,000	300,000	375,534
Settlements	9,500	9,500	20,811
Red Light	-	-	713,373
Contracted Services	767,600	767,600	738,089
Professional Services	250,000	250,000	119,337
Miscellaneous	220,000	220,000	647,741
Media Center			
Salaries	-	-	27,997
Benefits	-	-	6,317
Professional Services	50,000	50,000	16,575
Office Supplies	-	-	13
Board and Commission			
Salaries	3,000	3,000	3,000
Printing and Publishing	20,000	20,000	-
Professional Services	-	-	900
Contracted Services	3,750	3,750	-

## VILLAGE OF DOLTON, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
General Government - Continued			
Finance			
Salaries	\$ 95,000	95,000	32,178
Benefits	36,294	36,294	7,533
Training, Travel and Meetings	500	500	-
Membership Dues	500	500	-
Office Supplies	500	500	121
Total General Government	5,005,128	5,005,128	6,021,347
Public Safety			
Police Department			
Salaries	4,588,528	4,588,528	4,405,743
Benefits	822,896	822,896	829,633
Pension	-	-	981,174
Office Supplies	10,000	10,000	10,769
Postage and Shipping	2,000	2,000	-
Operating Supplies	99,000	99,000	97,369
Repairs and Maintenance	85,500	85,500	112,379
Telephones	-	-	4,509
Training, Travel and Meetings	28,000	28,000	2,354
Public Education	4,000	4,000	255
Membership Dues	9,500	9,500	4,100
Uniform Allowance	31,600	31,600	30,833
Forfeiture Purchases	-	-	71,013
Equipment	30,000	30,000	45,403
Contracted Services	118,200	118,200	73,193
Professional Services	76,800	76,800	32,311
Miscellaneous	36,000	36,000	57,211
Fire Department			
Salaries	2,163,729	2,163,729	2,457,318
Benefits	427,022	427,022	399,871
Pension	-	-	714,777
Office Supplies	4,500	4,500	14,629
Operating Supplies	72,700	72,700	63,237
Tools and Supplies	-	-	15,901
Repairs and Maintenance	50,520	50,520	61,901

## VILLAGE OF DOLTON, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Telephones	\$ -	-	1,310
Training, Travel and Meetings	18,750	18,750	3,688
Public Education	3,000	3,000	1,510
Membership Dues	2,598	2,598	5,625
Uniform Allowance	15,000	15,000	14,732
Legal Services	10,000	10,000	-
Contracted Services	134,250	134,250	47
Professional Services	40,589	40,589	13,844
Miscellaneous	8,500	8,500	57,270
Police/Fire Commission			
Professional Services	5,000	5,000	5,845
Total Public Safety	8,898,182	8,898,182	10,589,754
Public Works			
Street Division			
Salaries	783,810	907,924	678,509
Benefits	290,495	344,796	198,019
Maintenance Supplies	120,000	120,000	40,074
Office Supplies	5,000	5,000	2,359
Operating Supplies	10,000	10,000	142
Janitorial Supplies	1,200	1,200	-
Repairs and Maintenance	223,500	223,500	296,891
Tree Maintenance	10,000	10,000	16,545
Membership Dues	600	600	100
Training, Travel and Meetings	1,500	1,500	2,249
Utilities	3,000	3,000	6,748
Uniform Allowance	40,000	40,000	37,448
Rented Equipment	5,000	5,000	5,736
Professional Services	65,000	65,000	54,811
Contracted Services	-	-	1,000
Miscellaneous	-	-	2,038

## VILLAGE OF DOLTON, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Public Works - Continued			
Housing			
Salaries	\$ 309,199	309,199	321,088
Benefits	90,546	90,546	74,876
Engineering Services	-	-	1,185
Printing and Publishing	1,144	1,144	1,954
Maintenance Supplies	6,000	6,000	4,355
Operating Supplies	15,000	15,000	17,671
Office Supplies	2,500	2,500	1,302
Postage and Shipping	21,239	21,239	22,087
Training, Travel and Meetings	2,500	2,500	-
Membership Dues	4,500	4,500	4,500
Contracted Services	126,000	126,000	190,666
Equipment	1,000	1,000	1,518
Miscellaneous	12,000	12,000	1,872
Total Public Works	2,150,733	2,329,148	1,985,743
Public Property Maintenance			
Property Preservation Engineer			
Salaries	-	-	37,319
Benefits	-	-	9,962
Miscellaneous	-	-	160
Sanitation			
Contract Collections	1,680,000	1,680,000	1,621,748
Miscellaneous	-	-	31,431
Total Public Property Maintenance	1,680,000	1,680,000	1,700,620
Debt Service			
Principal Retirement	855,556	855,556	112,098
Interest and Fiscal Charges	28,000	28,000	34,687
Total Debt Service	883,556	883,556	146,785
Total Expenditures	18,617,599	18,796,014	20,444,249

## VILLAGE OF DOLTON, ILLINOIS

### Debt Service Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 5,124,271	5,124,271	4,350,172
Interest	-	-	2,711
Miscellaneous	-	-	101,280
Total Revenues	5,124,271	5,124,271	4,454,163
Expenditures			
General Government			
Professional Fees	-	-	28,000
Debt Service			
Principal Retirement	3,997,755	3,997,755	3,835,000
Interest and Fiscal Charges	779,854	779,854	1,172,999
Total Expenditures	4,777,609	4,777,609	5,035,999
Net Change in Fund Balance	346,662	346,662	(581,836)
Fund Balance - Beginning			1,661,339
Fund Balance - Ending			1,079,503

**VILLAGE OF DOLTON, ILLINOIS****Nonmajor Governmental Funds****Combining Balance Sheet****April 30, 2019**

	Special Revenue			
	Sibley TIF #2	I-94 Sibley TIF	TIF #3 Indulux	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 47,890	343,807	211,219	602,916
Advances to Other Funds	-	2,523,082	335,699	2,858,781
Total Assets	47,890	2,866,889	546,918	3,461,697
<b>LIABILITIES</b>				
Accounts Payable	1,014,667	-	-	1,014,667
Advances from Other Funds	672,160	-	-	672,160
Total Liabilities	1,686,827	-	-	1,686,827
<b>FUND BALANCES</b>				
Restricted	-	2,866,889	546,918	3,413,807
Unassigned	(1,638,937)	-	-	(1,638,937)
Total Fund Balances	(1,638,937)	2,866,889	546,918	1,774,870
Total Liabilities and Fund Balances	47,890	2,866,889	546,918	3,461,697

# VILLAGE OF DOLTON, ILLINOIS

## Nonmajor Governmental Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2019

	Special Revenue			Totals
	Sibley TIF #2	I-94 Sibley TIF	TIF #3 Indulux	
Revenues				
Taxes	\$ 534,474	-	50,639	585,113
Interest	115	577	259	951
Total Revenues	534,589	577	50,898	586,064
Expenditures				
Economic Development	350,480	480	82,057	433,017
Excess (Deficiency) of Revenues Over (Under) Expenditures	184,109	97	(31,159)	153,047
Other Financing (Uses)				
Transfers Out	-	-	(885,902)	(885,902)
Net Change in Fund Balances	184,109	97	(917,061)	(732,855)
Fund Balances - Beginning	(1,823,046)	2,866,792	1,463,979	2,507,725
Fund Balances - Ending	(1,638,937)	2,866,889	546,918	1,774,870

## VILLAGE OF DOLTON, ILLINOIS

### Sibley TIF #2 - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 197,244	197,244	534,474
Interest	331	331	115
Total Revenues	197,575	197,575	534,589
Expenditures			
Economic Development			
Professional Services	350,000	350,000	350,480
Net Change in Fund Balance	(152,425)	(152,425)	184,109
Fund Balance - Beginning			(1,823,046)
Fund Balance - Ending			(1,638,937)



## VILLAGE OF DOLTON, ILLINOIS

### TIF #3 Indulux - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 93,000	93,000	50,639
Interest	-	-	259
Total Revenues	93,000	93,000	50,898
Expenditures			
Economic Development			
Professional Services	-	-	82,057
Excess (Deficiency) of Revenues Over (Under) Expenditures	93,000	93,000	(31,159)
Other Financing (Uses)			
Transfers Out	-	-	(885,902)
Net Change in Fund Balance	93,000	93,000	(917,061)
Fund Balance - Beginning			1,463,979
Fund Balance - Ending			546,918

## VILLAGE OF DOLTON, ILLINOIS

### Water - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 5,000,000	5,000,000	4,793,532
Miscellaneous	75,000	75,000	138,112
Total Operating Revenues	5,075,000	5,075,000	4,931,644
Operating Expenses			
Operations			
Salaries and Benefits	572,351	611,216	551,533
Contractual Services	27,180	27,180	189,112
Supplies	22,204	22,204	149,898
Commodities and Merchandise	4,320,000	4,320,000	3,858,907
Occupancy and Maintenance	35,266	35,266	55,457
Postage	14,500	14,500	7,184
Utilities	7,500	7,500	21,620
Miscellaneous	9,684	9,684	71,413
Total Operating Expenses	5,008,685	5,047,550	4,905,124
Operating Income	66,315	27,450	26,520
Nonoperating Revenues			
Interest Income	-	-	353
Change in Net Position	66,315	27,450	26,873
Net Position - Beginning as Restated			(2,498,141)
Net Position - Ending			(2,471,268)

**VILLAGE OF DOLTON, ILLINOIS****Recreation Center - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2019**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 110,000	110,000	52,332
Operating Expenses			
Operations			
Salaries and Benefits	77,778	77,778	76,442
Contractual Services	234,000	234,000	192,881
Supplies	15,000	15,000	17,394
Equipment	5,000	5,000	7,412
Miscellaneous	8,000	8,000	2,696
Depreciation	-	-	82,065
Total Operating Expenses	339,778	339,778	378,890
Operating (Loss)	(229,778)	(229,778)	(326,558)
Nonoperating Revenues			
Interest Income	-	-	2
Change in Net Position	(229,778)	(229,778)	(326,556)
Net Position - Beginning as Restated			1,349,552
Net Position - Ending			1,022,996

## VILLAGE OF DOLTON, ILLINOIS

### Sewer - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2019

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 800,000	800,000	930,467
Operating Expenses			
Operations			
Salaries and Benefits	60,172	60,172	230,516
Contractual Services	30,000	30,000	89,515
Supplies	-	-	8,836
Total Operating Expenses	90,172	90,172	328,867
Operating Income	709,828	709,828	601,600
Nonoperating Revenues			
Interest Income	-	-	354
Change in Net Position	709,828	709,828	601,954
Net Position - Beginning as Restated			(66,571)
Net Position - Ending			535,383

**VILLAGE OF DOLTON, ILLINOIS****Pension Trust Funds****Combining Statement of Fiduciary Net Position  
April 30, 2019**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,119,435	428,661	2,548,096
Investments			
U.S. Treasuries	2,747,485	3,140,550	5,888,035
U.S. Agencies	2,482,684	48,847	2,531,531
Corporate Bonds	2,068,698	788,862	2,857,560
Equity Mutual Funds	18,496,956	6,410,275	24,907,231
Annuities	-	1,669,701	1,669,701
Receivables - Net of Allowance			
Accrued Interest	22,592	22,357	44,949
Advances to Other Funds	310,327	15,223	325,550
Advances to Other Governments	-	39,563	39,563
Reserve Uncollectable - Interfund	(310,327)	-	(310,327)
Prepays	1,030	1,085	2,115
Total Assets	27,938,880	12,565,124	40,504,004
<b>LIABILITIES</b>			
Accounts Payable	4,595	15,802	20,397
<b>NET POSITION</b>			
Net Position Restricted for Pensions	27,934,285	12,549,322	40,483,607

## VILLAGE OF DOLTON, ILLINOIS

### Pension Trust Funds

#### Combining Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2019

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 981,174	714,777	1,695,951
Contributions - Plan Members	307,589	152,361	459,950
Total Contributions	1,288,763	867,138	2,155,901
Investment Earnings			
Interest Earned	546,525	435,172	981,697
Net Change in Fair Value	1,735,659	157,084	1,892,743
	2,282,184	592,256	2,874,440
Less Investment Expenses	(39,968)	(38,917)	(78,885)
Net Investment Income	2,242,216	553,339	2,795,555
Total Additions	3,530,979	1,420,477	4,951,456
Deductions			
Administration	81,234	37,639	118,873
Benefits and Refunds	2,220,702	1,243,188	3,463,890
Total Deductions	2,301,936	1,280,827	3,582,763
Change in Fiduciary Net Position	1,229,043	139,650	1,368,693
Net Position Restricted for Pensions			
Beginning	26,705,242	12,409,672	39,114,914
Ending	27,934,285	12,549,322	40,483,607

**VILLAGE OF DOLTON, ILLINOIS**

**Consolidated Year-End Financial Report  
April 30, 2019**

CSFA #	Program Name	State	Federal	Other	Totals
494-00-1488	Motor Fuel Tax Program	\$ 466,604	-	-	466,604
	Other Grant Programs and Activities	-	-	30,144	30,144
	All Other Costs Not Allocated	-	-	28,303,212	28,303,212
	Totals	466,604	-	28,333,356	28,799,960

## **SUPPLEMENTAL SCHEDULES**



**VILLAGE OF DOLTON, ILLINOIS**

**Schedule of Insurance in Force**  
**April 30, 2019**

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Insured	Coverage	Limits	Expiration Date of Coverage
Illinois Public Risk Fund	Workers' Compensation	\$3,000,000	12/31/2019

## VILLAGE OF DOLTON, ILLINOIS

### Long-Term Debt Requirements General Obligation Refunding Bonds of 2004C

April 30, 2019

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Date of Issue	December 1, 2004
Date of Maturity	December 1, 2019
Authorized Issue	\$2,930,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% - 4.20%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2020	\$ 265,000	11,130	276,130	2019	5,565	2019	5,565

## VILLAGE OF DOLTON, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Corporate Purpose Bonds of 2004D

April 30, 2019

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Date of Issue	December 1, 2004
Date of Maturity	December 1, 2019
Authorized Issue	\$2,275,000
Denomination of Bonds	\$5,000
Interest Rates	4.70% - 6.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2020	\$ 220,000	12,650	232,650	2019	6,325	2019	6,325

## VILLAGE OF DOLTON, ILLINOIS

### Long-Term Debt Requirements General Obligation Bonds of 2009A

April 30, 2019

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Date of Issue	September 30, 2009
Date of Maturity	December 1, 2026
Authorized Issue	\$11,535,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% - 4.50%
Interest Date	December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ -	303,600	303,600
2021	965,000	303,600	1,268,600
2022	1,000,000	265,000	1,265,000
2023	1,000,000	222,500	1,222,500
2024	1,000,000	180,000	1,180,000
2025	1,000,000	135,000	1,135,000
2026	1,000,000	90,000	1,090,000
2027	1,000,000	45,000	1,045,000
	6,965,000	1,544,700	8,509,700

## VILLAGE OF DOLTON, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Build America Direct Payment Bonds of 2009B

April 30, 2019

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Date of Issue	September 30, 2009
Date of Maturity	December 1, 2029
Authorized Issue	\$5,455,000
Denomination of Bonds	\$5,000
Interest Rate	6.10%
Interest Date	December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ -	332,755	332,755
2021	220,000	332,755	552,755
2022	250,000	319,335	569,335
2023	275,000	304,085	579,085
2024	300,000	287,310	587,310
2025	325,000	269,010	594,010
2026	755,000	249,185	1,004,185
2027	785,000	203,130	988,130
2028	815,000	155,245	970,245
2029	850,000	105,530	955,530
2030	880,000	53,680	933,680
	5,455,000	2,612,020	8,067,020

## VILLAGE OF DOLTON, ILLINOIS

### Long-Term Debt Requirements

#### Taxable General Obligation Bonds of 2009C

April 30, 2019

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Date of Issue	September 30, 2009
Date of Maturity	December 1, 2024
Authorized Issue	\$12,665,000
Denomination of Bonds	\$5,000
Interest Rates	2.61% - 5.77%
Interest Date	December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ 1,055,000	341,989	1,396,989
2021	1,000,000	288,500	1,288,500
2022	1,000,000	230,800	1,230,800
2023	1,000,000	173,100	1,173,100
2024	1,000,000	115,400	1,115,400
2025	1,000,000	57,700	1,057,700
	6,055,000	1,207,489	7,262,489

## VILLAGE OF DOLTON, ILLINOIS

### Long-Term Debt Requirements General Obligation Bonds of 2018

April 30, 2019

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Date of Issue	June 18, 2018
Date of Maturity	August 13, 2019
Authorized Issue	\$1,300,000
Denomination of Bonds	\$5,000
Interest Rate	3.00%
Interest Dates	March 1, June 1, August 6, and August 13
Principal Maturity Date	August 13
Payable at	U.S. Bank National Association

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ 1,130,000	14,722	1,144,722