

**Village of Sauk Village,
Illinois**

Annual Financial Report

Year Ended April 30, 2018

Village of Sauk Village, Illinois
ANNUAL FINANCIAL REPORT
Year Ended April 30, 2018

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INTRODUCTORY SECTION (Unaudited)

**VILLAGE OF SAUK VILLAGE
PRINCIPAL OFFICIALS**

Mayor

Derrick N. Burgess
(Term Expires May 2021)

Village Board of Trustees

Bernice Brewer
(Term Expires May 2021)

Rodrick Grant
(Term Expires May 2021)

Linda Todd
(Term Expires May 2021)

Cecial Tates
(Term Expires May 2019)

Beth Zupon
(Term Expires May 2019)

Ron Carter
(Term Expires May 2019)

Village Clerk

Marva Campbell-Pruitt
(Term Expires May 2021)

Treasurer

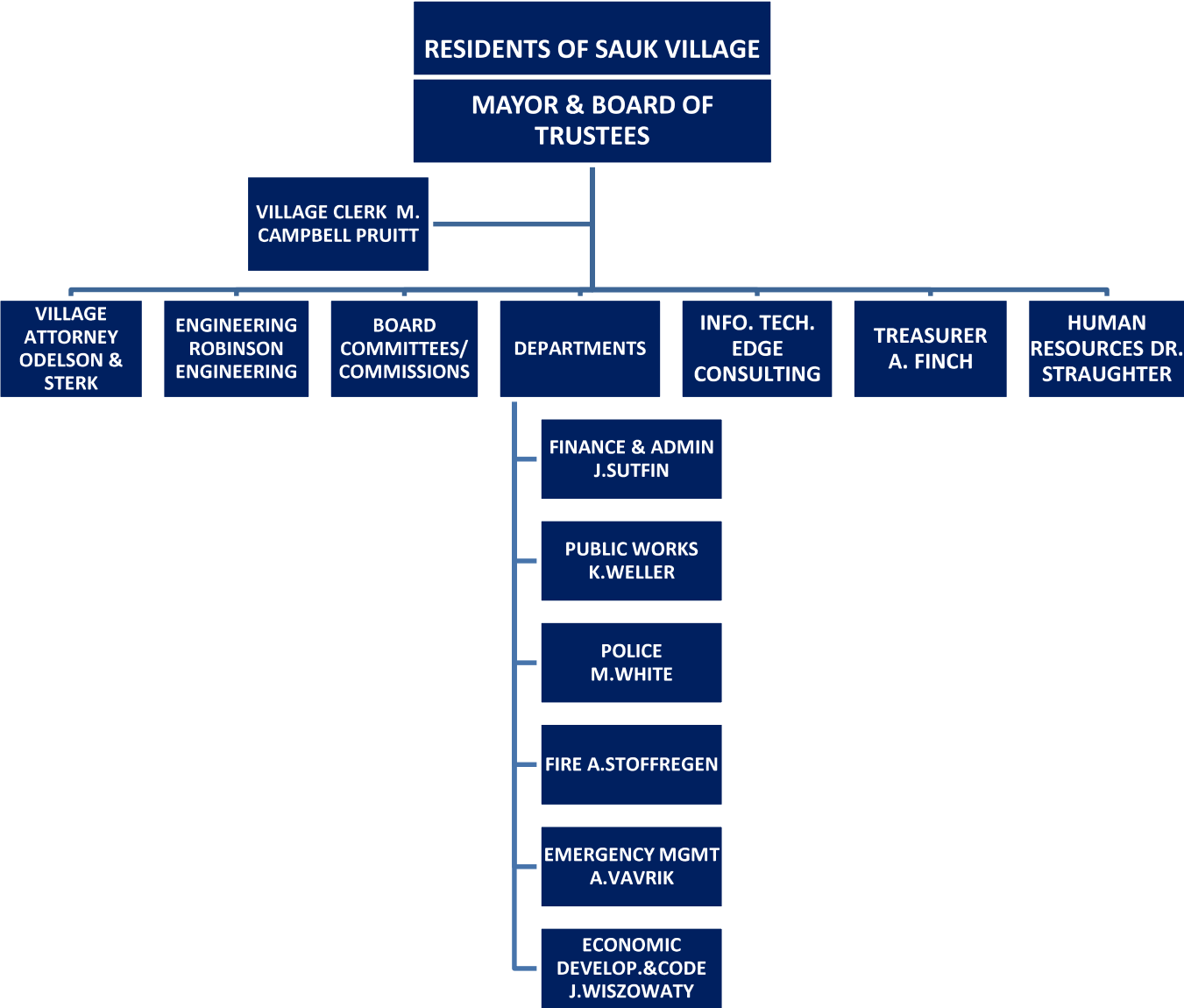
Anthony Finch
(Appointed Officer)

Director of Finance
Police Chief
Fire Chief
Director Emergency Management Agency
Director of Public Works
Director of Economic Development
Human Resource Consultant

Judith Sutfin
Malcolm White
Alan Stoffregen
Allen Vavrik
Kevin Weller
Joseph Wiszowaty
Dr. Alicia Straughter

(Updated effective December 19, 2018)

**VILLAGE OF SAUK VILLAGE
ORGANIZATIONAL CHART**



(Updated effective December 19, 2018)

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Our auditors were not able to complete the audit within the six-month timeframe because of delays receiving the Police and Fire Pension Fund Actuarial Reports and Audits. These reports are the responsibility of the Pension Boards. Consequently, the Village of Sauk Village “Village” filed for and received an extension for completing the audit and the financial reports. Pursuant to that requirement and the subsequent extension, we hereby issue the comprehensive annual financial report of the Village of Sauk Village for the fiscal year ended April 30, 2018.

This financial report was prepared by the Finance Department. Responsibility for the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the Village government as a whole. As Village management and leaders, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an adequate understanding of the Village’s financial activities have been included.

The Village’s financial statements have been audited by Miller Cooper, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village for the fiscal year ended April 30, 2018 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Village of Sauk Village’s financial statements for the fiscal year ended April 30, 2018 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The Management Discussion and Analysis (MD&A) provides additional information on the financial activities of the Village by providing an overview and analysis of the basic financial statements. The MD&A is required supplementary information in the overall financial report and provides insight into the Village’s financial activities and internal and external forces which influence or impact the financial operations that may not be apparent from the financial statements alone. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village’s MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE VILLAGE OF SAUK VILLAGE

This area was originally opened to American settlers in 1838. Frederick Richards and Vincent Sauter came to Bloom in 1839 and settled at New Strasburg (soon to be Sauk Village). Though the original settlers of Sauk Village moved here from the East Coast, their roots were in Western Europe, especially France and Germany. Postmaster Charles Sauter named the settlement Strassburg, after Strasbourg, France, home of many of the original settlers. Back when the area was originally being settled by Americans, land sold for \$1.25 an acre.

When the Calumet Expressway was built in the late 1950s, the Strassburg area was seen as a prime real estate development. The AMBO I Construction firm moved into the area in 1956, building homes in what is now known as the Garden Section, near the Calumet Expressway and just south of Sauk Trail. The community was incorporated on March 12, 1957, as Sauk Village, since there was a town in southern Illinois that already had the name Strasburg. Thomas J. Nichols served as Sauk Village's first president.

Since its incorporation in 1957, Sauk Village has undergone considerable change and expansion.

According to the most recent census, the Village of Sauk Village has a current population of 10,506 and is located approximately 9.6 miles south from the City of Chicago and has a land area of 4.2 square miles with approximately 45 miles of streets. Sauk Village today can boast a modern Municipal Center, which cost nearly \$6 million dollars funded in part from Impact Fees from the Village's LogistiCenter, a Class A Business Industrial Park. The Municipal Center bonds will be retired this fiscal year on December 1, 2018. The Municipal Center features about 18,000 square feet of office and public meeting spaces as well as space for the community's use.



Kalvelage Bridge late 1800s- Sauk Trail

The governing body of the Village is composed of six Trustees plus the Mayor and the Village Clerk. The Trustees have staggered four-year terms. The Village provides a full range of services including: public safety (police and fire protection), the construction and maintenance of streets and infrastructure, social and cultural services, water treatment and distribution, planning and zoning, and general administrative services. To provide these services the Village has 47 full and part-time employees. Approximately 40% of our employees are sworn police officers. The Fire Department consists of a Chief and an on-call staff that operates out of one fire station and contracts with a private provider for emergency medical services. The Village has an ISO Class 5 rating. The Village does not have a bond rating because of the financial stress it has been under and the high level of debt. While Sauk Village's challenges today are just as complex as they were back in 1957, the leadership of the Village is prepared to meet those challenges today with an optimistic outlook and a renewed sense of commitment. Getting our financial house in order begins with a commitment to meeting these challenges and implementing policies and procedures to address our problems.

The Village's annual budget serves as the foundation for the Village financial planning and control. All departments of the Village are required to submit requests for appropriations to the Director of Finance in the 1st quarter of every year. These requests serve as the starting point for developing the annual proposed budget. The proposed budget is presented to the Trustees for review at budget meetings in the 2nd quarter. The Village is required by law to hold a public hearing on the proposed budget prior to budget adoption. The annual budget must be adopted before the beginning of the Village's fiscal year, which begins on May 1st. The intent of the annual budget transmission and narrative is to establish a clear policy direction, so there is no ambiguity or confusion. In addition to serving as the foundation for controls, the budget also provides for financial continuity from year to year and administration to administration.

The annual budget is prepared by fund, function, and department and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Management may transfer budget amounts between functions and activities; however, transfers between funds must be approved by the Trustees. Expenditures must not legally exceed budgeted appropriations at the fund level.

FINANCIAL POLICIES

- Establish and maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principles (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board (GASB). (Accounting and Financial Reporting)
- The Village will adopt and maintain a balanced budget in which expenditures will not exceed reasonably estimated revenues and other available funds, including reserves while taking into consideration recommended fund balances. The budget will be developed using specific goals and objectives as identified in the Village's Strategic Plan. The proposed budget will be made available for public inspections and a public hearing will be held to allow for public input prior to the adoption of the budget. (Budgeting and Revenue Management)
- The accounting system will maintain records on a basis consistent with accepted standards for local government accounting (according to GASB). (Accounting and Financial Reporting)
- An independent firm of certified public accountants will perform an annual financial audit of the City's financial statements according to Generally Accepted Auditing Standards (GAAS) and will publicly issue an opinion which will be incorporated in the Comprehensive Annual Financial Report. (Accounting and Financial Reporting)
- The Village will promote full disclosures in its annual financial statements and its bond presentations. (Accounting and Financial Reporting)
- The Village will comply with all financial reporting requirements including all annual reports to be filed with the State and all annual debt disclosures filed with the respective agencies. (Accounting and Financial Reporting)
- The Village will continuously seek to diversify its revenue streams in order to help ensure that it can meet its ongoing service and debt obligations, through different economic cycles. (Budgeting and Revenue Management)
- The Village will develop a multi-year plan for capital improvements updated annually and will budget all capital improvements in accordance with this plan. Various funding sources from the General and Water and Sewer funds will be allocated to support these improvements (budgeting and Revenue Management)
- Maintain minimum total fund balance levels in accordance with Village policies. (Budgeting and Revenue Management)
- Maintain a diversified and stable revenue base to reduce the impacts of fluctuations in any one revenue source. (Budgeting and Revenue Management)
- Establish fees and user charges for each enterprise fund, such as the Water Fund, at a level that fully supports the total direct and indirect cost of the activity. (Budgeting and Revenue Management)

FACTORS AFFECTING FINANCIAL CONDITIONS

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Village of Sauk Village operates.

Local Economy: Economically, the region shows modest growth. Sales tax revenues remain approximately the same year over year compared to FY 2017-2018 budget projections as the economy continues to recover. These trends are similar to those across the Chicago area where overall retail sales have been steadily increasing between four and five percent annually. One area of great concern is associated with property tax collections. Property tax collections have declined by almost 20% or \$612,000 over the last five years. Consequently, the Village has taken a realistic approach to budgeting Property Taxes for this fiscal year.

New business and commercial development will strengthen Sauk Village's overall sales tax revenues. A strong emphasis on economic development will continue to help bolster the village's tax base and retain businesses within the Village.

LogistiCenter at Sauk Village is within a Tax Increment Financing District, which is fiscally sound. There is more than enough money in the TIF Reserve and adequate property tax increment to cover existing debt service on the Alternate Revenue Bonds and other TIF related bonds for the foreseeable future. The Warehouse Specialty Building within the LogistiCenter is currently occupied by a subsidiary of Pratt Industries and the developer seeks a tenant for that location for about 300,000 square feet of warehouse space.

Further opportunities to strengthen the Village's economic base lay within the Surreybrook Tax Increment Financing (TIF) District, an area bounded just east of 394 on Sauk Trail. With the creation of this TIF, the Village's Economic Development Team will work with the existing or new developer to redevelop and promote this commercial property. With various tax incentives a proper redevelopment of this property could be very successful for the developer as well as the Village of Sauk Village. Planned improvements to Plaza Place were completed in FY 2017-18.

Residential development has been non-existent since the Great Recession of 2008, with around 400 vacant homes. This has been problematic for the Village's understaffed Code Enforcement and Public Works Departments. This year we have received a grant award from the Illinois Housing Development Authority for \$75,000 to help maintain yards in 112 vacant homes, board up and secure 35 vacant homes and remove overgrown trees and shrubs on 25 more. Additionally, the Village will partner with Cook County Sheriff's Department. The Village needs to work in partnership with local lending institutions to explore home ownership opportunities for buyers. Working in partnership with the Illinois Housing Development Authority and the Department of Housing and Urban Development to explore ways to promote HUD's 203K-Rehab loan and other banks to meet their Community Reinvestment Act requirements will be key focuses within the next year. Returning homes to the tax rolls is a key to the continued success of the Village. The Village's Housing Committee will work with IHDA and other agencies to seek out funding to address housing maintenance.

Identifying, mapping and discovering ownership of vacant properties remains a priority. There have been modest property value increases within the Village according to reliable data and those trends look to continue through 2018.

Long-Term Financial Planning: The Village has established Strategic Priorities to guide the Trustees and staff decisions and actions in developing current and future budgets. The Strategic Priorities are:

1. Provide quality municipal services while improving efficiencies and effectiveness with limited resources.
2. Provide safety and security for the Village's residents through the qualified staffing of the Police and Fire Departments.
3. Provide for development and redevelopment of the Village.
4. Provide funding for improvements to the Village's roads, water and sewer infrastructure and municipal facilities.
5. Provide financial sustainability by being able to manage the Village's finances, through various economic cycles, without having to significantly impact the services provided to the Village's residents.

Additionally, the Village is in the process of developing a Comprehensive Plan. The Village's previous Comprehensive Plan was completed in 1985 and updated in 1999. The Village is working in coordination with the Chicago Metropolitan Agency for Planning on a complete updated plan. The plan will serve as the Village's guide for development, land use, zoning and community development for the next ten to twenty years.

MAJOR INITIATIVES

The Village accomplished many of the goals and objectives set forth in the fiscal year 2018 budget. Some of the major accomplishments were:

- Cash Flow and Cash Management- The Village has historically been battling cash flow short falls and dealing with ongoing operating expenses. We have made significant improvements with cash management policies and procedures in 2017-2018 which that discipline continues into 2018-19.
- Village's Aging Report- We managed, through fiscal discipline, to virtually eliminate an aging report and backlog of bills. The Village issued Tax Anticipation Warrants to help alleviate some of the older invoices on the aging report. In the past many vendors went unpaid for long periods that exceeded 9 months, that has been virtually eliminated and is no longer an acceptable practice.
- Re-Alignment and Cost Savings- To ensure Sauk Village moves forward on a Pathway to Progress as our Strategic Plan for Progress says, we needed to consolidate and realign areas where that made sense.

- Promotion of Economic Development- The Village has been historically a residential community, however, since the late 1990s and the success of the LogistiCenter at Sauk Village in TIF #3, we have made some great strides building the business sector. In July 2018, the Village was able to close on the sale of the land which resulted in a one-time cash infusion of \$1.1 million. As part of prudent fiscal management, the Village was able to use a large portion of the sale proceeds to establish reserves for each of the Village's funds balances for the first time in many years.

AWARDS AND ACCOMPLISHMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the Village for its annual budget document dated April 30, 2018. To qualify for the Distinguished Budget Presentation Award, the government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

This award reflects the ongoing support from all areas of the Village, including the Trustees, for encouraging and fostering the highest standards of professionalism in the management of the Village of Sauk Village's finances. The preparation of this report would not have been possible without the dedicated services of the entire finance department. I would like to express my appreciation to all members of the Village who assisted and contributed to the preparation of this report.

Respectfully submitted,

A large black rectangular redaction box covers the signature of the Mayor.

Honorable Mayor Derrick Burgess

FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Trustees
Village of Sauk Village, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sauk Village, Illinois (the Village), as of and for the year ended April 30, 2018, 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

The Village's 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund, which is a pension trust fund, included as a fiduciary fund in the aggregate remaining fund information, whose accounts are included in the basic financial statements. Total assets, net position, and additions of the Police Pension Fund constitute 98.7% of the assets, 98.7% of the net position, and 91.4% of the additions of the fiduciary fund types reported herein, as of and for the year ended April 30, 2018, on pages 26 and 27. 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 Police Pension Fund in the fiduciary fund types in the Village's basic financial statements, 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 from material misstatement.

Auditors' Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 the other auditor, 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, as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note S to the financial statements, fund balances of the General Fund, the Debt Service Fund, and the LogistiCenter at Sauk Village Fund (major governmental funds) as of May 1, 2017 have been restated to correct errors related to interfund transfers. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 14, the Illinois Municipal Retirement Fund, Firefighters' Pension Fund, and Police Pension Fund pension data on pages 96 through 105, the other postemployment benefits data on page 106, and the budgetary comparison schedules and notes to the required supplementary information on pages 107 through 108, 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 and the other auditor 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 for the year ended April 30, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other schedules, listed in the table of contents in the introductory section and the other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information for the year ended April 30, 2018 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended April 30, 2018 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, based on our audit, the procedures performed as described above, and the report of the other auditors, the other supplementary information for the year ended April 30, 2018 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

Other Matters (Continued)

Other Information (Continued)

The introductory section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield,
March 14, 2019

Village of Sauk Village, Illinois

Management's Discussion and Analysis (Unaudited)

April 30, 2018

The Village of Sauk Village, Illinois (the Village) Management's Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position, identify any material deviations from the approved appropriations, and identify individual fund issues or concerns. Please read the information presented here in conjunction with the Letter of Transmittal, additional information furnished in the Village's audited financial statements and accompanying footnotes.

FINANCIAL HIGHLIGHTS

- The Village's Governmental Activities net deficit decreased year over year by 10% or \$2.1 million. The Village's Business-Type Activities net position remained essentially flat year over year.
- The Village's total revenues decreased by \$3.5 million year over year largely due to a \$3.3 million IEPA loan forgiveness that was recorded in 2017 that did not repeat in 2018. The remaining year over year reduction in revenues is associated with lower charges for services. Property tax revenues came in flat year over year.
- The Village's total expenses decreased by \$0.6 million year over year largely due to a reduction in interest expense and public safety costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Village of Sauk Village focus on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the reader to address relevant issues, broaden a basis for comparison, and enhance the Village's accountability.

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements and it contains additional information to the Village's basic financial statements. The Village's basic financial statements consist of three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Financial Statements. The basic financial statements are included in the section following Management's Discussion and Analysis.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The **Government-wide Financial Statements** are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The **Statement of Net Position (Deficit)** presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The **Statement of Activities** is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

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 usage fees and charges (business-type activities). The governmental activities reflect the Village's basic services, including general government, public safety, public works, and debt service.

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 state and 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: (1) Governmental Funds; (2) Proprietary Funds; and (3) Fiduciary Funds.

Governmental Funds

The governmental major funds are presented on a current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which the appropriation is typically developed. The flow and availability of current resources is a clear and appropriate focus of any analysis of a government. Governmental funds are used to account for the general governmental revenues and expenditures of the Village. The General Fund is the main operating fund of the Village and the largest of the governmental funds. Following the balance sheet for the governmental funds is a reconciliation of the total fund balance of the governmental funds to the net position (deficit) reported on the statement of net position (deficit), on the full accrual basis of accounting. Following the statement of revenues, expenditures and changes in fund balances (deficits) is a reconciliation of the net change in fund balances of the governmental funds to the change in net position of the governmental activities.

Proprietary Funds

Proprietary Funds consist of enterprise funds. These funds comprise the business-type category reported in the government-wide statements. These funds account for business or service type operations of the Village that are similar to private sector operations in which costs are recovered as a user fee. The Village's proprietary funds include the Waterworks Fund and the Sewerage Fund.

Fiduciary Funds

The Fiduciary Funds are excluded from the government-wide financial statements. While these funds represent trust or agency responsibilities of the Village, these assets are restricted in purpose and do not represent discretionary assets of the Village. The Village's fiduciary funds are the Police Pension Fund, and the Firefighters' Pension Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a better understanding of the data provided in the government-wide and fund financial statements. The notes include information on significant accounting policies, explanations on the reconciliations of statements, investments, receivables, capital assets, debt, interfund balances, contingent liabilities, pensions, other postemployment benefits, and other information related to the Village's financial status. The information contained within the notes not only supplements financial statement information, but also clarifies line items that are part of the basic financial statements.

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budget to actual comparisons for the General Fund and the Village's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 96 – 108 of this report.

Additional information on the governmental funds is presented following the required supplementary information in the other supplementary information section. Combining and individual fund statements and budgetary comparison schedules for major and nonmajor governmental, proprietary, and fiduciary funds can be found on pages 109 – 141 of this report.

INFRASTRUCTURE ASSETS

The Village's largest group of assets consists of infrastructure assets and water and sewer systems (land, streets, storm sewers, etc.). These assets are valued and reported in both the governmental activities and business-type activities of the government-wide statements, as well as the proprietary funds. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful lives, or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Village has chosen to depreciate assets over their estimated useful lives. If a project is considered maintenance - a recurring cost that does not extend the asset's original useful life or expand its capacity - the cost of the project will be expensed. For example, the "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

GOVERNMENT-WIDE STATEMENTS

STATEMENT OF NET POSITION (DEFICIT)

Net position (deficit) can be a useful indicator of a government's financial condition and is defined as the amount by which assets and deferred outflows of resources exceed liabilities and deferred inflows of resources. A significant portion of the Village's net position (deficit) reflects its investment in capital assets, net of depreciation (i.e., land, streets, storm sewers, water mains, buildings, and vehicles), less any related outstanding debt that was used to acquire those assets. The Village uses those capital assets to provide services to citizens; consequently, they are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, the resources required to repay that debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

STATEMENT OF NET POSITION (DEFICIT) (Continued)

Condensed Statement of Net Position (Deficit)
As of April 30,

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	14,323,063	13,217,911	2,176,145	1,692,205	16,499,208	14,910,116
Capital assets	<u>12,121,083</u>	<u>12,608,473</u>	<u>5,851,076</u>	<u>6,248,523</u>	<u>17,972,159</u>	<u>18,856,996</u>
Total Assets	26,444,146	25,826,384	8,027,221	7,940,728	34,471,367	33,767,112
Deferred outflows of resources	<u>401,406</u>	<u>376,810</u>	<u>235,097</u>	<u>329,488</u>	<u>636,503</u>	<u>706,298</u>
Total Deferred Outflows	401,406	376,810	235,097	329,488	636,503	706,298
Current liabilities	5,538,053	4,820,735	374,014	330,394	5,912,067	5,151,129
Long-term liabilities	<u>38,213,024</u>	<u>40,808,446</u>	<u>781,523</u>	<u>1,338,889</u>	<u>38,994,547</u>	<u>42,147,335</u>
Total Liabilities	43,751,077	45,629,181	1,155,537	1,669,283	44,906,614	47,298,464
Deferred inflows of resources	<u>1,088,337</u>	<u>661,073</u>	<u>642,145</u>	<u>133,703</u>	<u>1,730,482</u>	<u>794,776</u>
Total Deferred Inflows	1,088,337	661,073	642,145	133,703	1,730,482	794,776
Net Position (Deficit)						
Net investment in capital assets	8,401,626	8,269,299	5,026,956	5,382,607	13,428,582	13,651,906
Restricted	13,216,683	12,416,741	-	-	13,216,683	12,416,741
Unrestricted (Deficit)	<u>(39,612,171)</u>	<u>(40,773,100)</u>	<u>1,437,680</u>	<u>1,084,623</u>	<u>(38,174,491)</u>	<u>(39,688,477)</u>
Total Net Position (Deficit)	<u>(17,993,862)</u>	<u>(20,087,060)</u>	<u>6,464,636</u>	<u>6,467,230</u>	<u>(11,529,226)</u>	<u>(13,619,830)</u>

The Village's 2018 total net deficit improved by 15% or \$2.1 million compared to last year. This improvement is a result of the Mayor's focus on fiscal responsibility through cost reductions.

CHANGES IN NET POSITION (DEFICIT)

The following table summarizes the revenues, expenses, and net position (deficit) of the Village's activities.

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

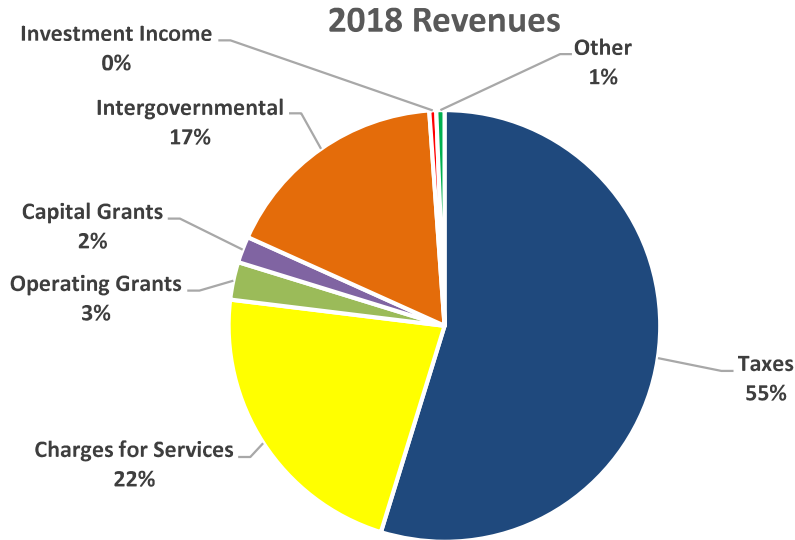
CHANGES IN NET POSITION (DEFICIT)

Change in Net Position (Deficit)
For the Fiscal Year Ended April 30,

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	647,183	832,948	2,373,555	2,433,980	3,020,738	3,266,928
Operating Grants	384,496	332,958	-	-	384,496	332,958
Capital Grants and Contributions	268,250	274,331	-	3,319,107	268,250	3,593,438
General Revenues						
Taxes	7,462,608	7,452,148	-	-	7,462,608	7,452,148
Intergovernmental	2,335,013	2,294,573	-	-	2,335,013	2,294,573
Investment Income	71,584	6,054	-	-	71,584	6,054
Transfers	220,000	245,000	(220,000)	(245,000)	-	-
Other	81,026	40,013	1,523	126,446	82,549	166,459
Total Revenues	11,470,160	11,478,025	2,155,078	5,634,533	13,625,238	17,112,558
Expenses						
General Government	2,386,424	2,352,811	-	-	2,386,424	2,352,811
Public Safety	4,563,645	5,387,939	-	-	4,563,645	5,387,939
Public Works	811,249	541,556	-	-	811,249	541,556
Interest	1,615,644	1,739,590	-	-	1,615,644	1,739,590
Water / Sewer	-	-	2,157,672	2,138,050	2,157,672	2,138,050
Total Expenses	9,376,962	10,021,896	2,157,672	2,138,050	11,534,634	12,159,946
Change in Net Position (Deficit)	2,093,198	1,456,129	(2,594)	3,496,483	2,090,604	4,952,612
Beginning Net Position (Deficit)	<u>(20,087,060)</u>	<u>(21,543,189)</u>	6,467,230	2,970,747	<u>(13,619,830)</u>	<u>(18,572,442)</u>
Ending Net Position (Deficit)	<u>(17,993,862)</u>	<u>(20,087,060)</u>	<u>6,464,636</u>	<u>6,467,230</u>	<u>(11,529,226)</u>	<u>(13,619,830)</u>

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

TOTAL FISCAL YEAR 2018 REVENUES



For the fiscal year ended April 30, 2018, revenues totaled approximately \$13.6 million. The Village benefits from a diversified revenue base. Revenues from the Village's largest single source, property taxes, amounted to approximately \$7.4 million or 55% of Total Revenues. Property taxes support governmental activities, which include Public Safety and the Village's contribution to the Police Pension Fund and Firefighters' Pension Fund. Between fiscal years 2017 and 2018, total property tax revenues remained flat.

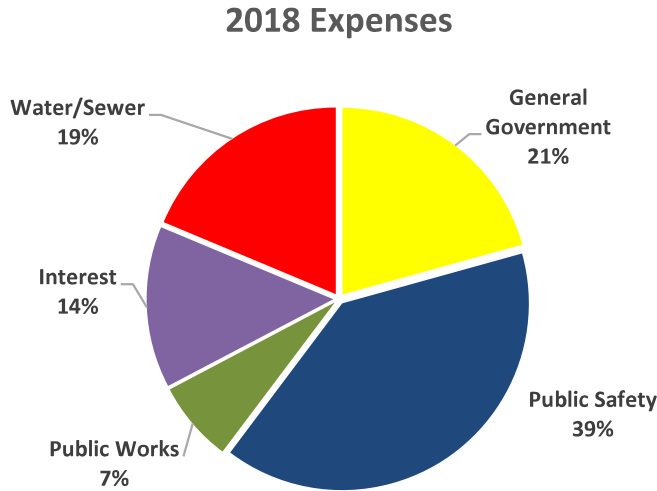
The two major types of sales taxes are the retailer's occupation tax (ROT) and the local use tax. Both sales taxes are collected by the State of Illinois. A portion of the ROT is shared by the state with its municipalities based upon the point of sale. In fiscal year 2018, ROT and local use tax revenue was approximately \$0.55 million compared to approximately \$0.53 million in 2017.

Income taxes are also shared by the state, but on a per-capita basis. In fiscal year 2018, state income tax revenue was approximately \$1.2 million, an increase of approximately \$0.2 million or 17% from the previous year.

The Village's business-type activities are its Waterworks and Sewerage activities. Water service charges, sewer fees, and late payment penalties for fiscal year 2018 totaled approximately \$2.4 million, a decrease of 2% from the prior year.

**Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018**

TOTAL FISCAL YEAR 2018 EXPENSES



The Village's expenses totaled approximately \$11.5 million in fiscal year 2018. This represents a decrease of approximately \$0.6 million or 5% from the prior year. This decrease is a result of the Mayor's focus on fiscal responsibility and his desire to better manage the financial condition of the Village. In previous years, expenses had been steadily increasing and this was threatening the ongoing sustainability of the Village.

Public Safety costs comprise the greatest portion of the Village's total expenses at \$4.6 million or 39%. Compared to last year, Public Safety costs decreased by 15% after increasing by 18% the previous year. Difficult decisions needed to be made in 2018 to begin reversing the liquidity crises that the Village was experiencing. The spike in expenses in 2017 was attributable to the implementation of new accounting standards relating to pensions (Governmental Accounting Standards Board – GASB – Statements No. 68 and 71).

The expenses of the water and sewer function totaled approximately \$2.16 million in 2018, an increase of \$20 thousand compared to the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balances (deficits) may serve as a useful measure of a government's net resources available at the end of the fiscal year.

As of April 30, 2018, the governmental funds reported an ending fund balance of approximately \$12.1 million. Approximately 91% of these balances are associated with the Village's bond issuance and are on deposit with the Village's Bond Paying Agent, Amalgamated Bank. Therefore, the bulk of the Village's governmental fund balances are not available for other expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

It is the Village's policy to periodically review the appropriations; however, department heads are expected to limit their expenditures to their original appropriation amount and if necessary, change expenditures between line items.

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

General Fund Revenues
As of April 30,

Revenues	FY 2018 Appropriation	FY 2018 Actual	\$ Variance	% Variance
Taxes	2,782,336	2,403,612	(378,724)	-14%
Intergovernmental	1,832,519	1,810,223	(22,296)	-1%
Licenses and Permits	279,000	245,266	(33,734)	-12%
Charges for Services	661,700	721,649	59,949	9%
Miscellaneous	749,100	272,480	(476,620)	-64%
Total	<u>6,304,655</u>	<u>5,453,230</u>	<u>(851,425)</u>	-14%

General Fund revenues came in under the projected appropriation by \$851,425 or 14 %.

General Fund Expenditures
As of April 30,

Expenditures	FY 2018 Appropriation	FY 2018 Actual	\$ Variance	% Variance
General Government	1,940,753	1,987,797	47,044	2%
Public Safety	3,513,300	3,380,973	(132,327)	-4%
Public Works	262,587	153,162	(109,425)	-42%
Debt Service	-	28,049	28,049	-
Total	<u>5,716,640</u>	<u>5,549,981</u>	<u>(166,659)</u>	-3%

General Fund expenditures came in under budget by \$166,659 or 3%. While it is positive that expenditures came in under budget by 3%, revenues decreased faster than expenditures. More work needs to be done to rectify the financial condition of the Village.

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

CAPITAL ASSETS

The following schedule reflects the Village's capital asset balances as of April 30, 2018 and 2017:

Capital Assets
As of April 30,

Asset Type	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Land	574,003	574,003	13,500	13,500	587,503	587,503
Buildings	4,638,195	4,821,150	2	318	4,638,197	4,821,468
Machinery and Equipment	135,938	179,578	26,242	40,418	162,180	219,996
Vehicles	955,121	992,565	32,722	43,630	987,843	1,036,195
Infrastructure	<u>4,754,004</u>	<u>4,977,355</u>	<u>5,778,610</u>	<u>6,150,657</u>	<u>10,532,614</u>	<u>11,128,012</u>
Total	<u>11,057,261</u>	<u>11,544,651</u>	<u>5,851,076</u>	<u>6,248,523</u>	<u>16,908,337</u>	<u>17,793,174</u>

At the end of the fiscal year 2018, the Village had combined total government net capital assets of approximately \$16.9 million invested in a broad range of capital assets including land, buildings, vehicles, streets, water mains, and sewer lines. During fiscal year 2015, and continuing into fiscal year 2016, the Village completed infrastructure improvements, financed predominantly by the IEPA, for its water distribution and contamination remediation system. Those improvements consisted of various major water remediation equipment and the modernization of the Village's water delivery distribution systems. In 2017 and 2018, the Village did not undertake material capital improvements.

For more detailed information on the Village's capital assets, see Note G in the notes to the financial statements.

LONG-TERM LIABILITIES

The table below summarizes the Village's bonded and other indebtedness.

Long-Term Liabilities
As of April 30,

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	135,000	200,000	-	-	135,000	200,000
Alternative Revenue Bonds	27,860,440	30,411,367	-	-	27,860,440	30,411,367
Unamortized Bond Premium	292,200	318,408	-	-	292,200	318,408
Street Light Loan	76,084	76,084	-	-	76,084	76,084
Fire Truck Loan	315,000	332,500	-	-	315,000	332,500
Police Vehicle Loan	83,600	-	-	-	83,600	-
Capital Leases	-	25,686	-	-	-	25,686
Judgement Liability	158,560	151,575	-	-	158,560	151,575
Illinois EPA Loan	-	-	824,120	865,916	824,120	865,916
Compensated Absences	196,334	200,123	96,415	49,896	292,749	250,019
Net Pension Liabilities	11,534,061	11,418,567	-	514,732	11,534,061	11,933,299
Net Other Post Employment Benefits	<u>1,154,292</u>	<u>1,045,364</u>	<u>-</u>	<u>-</u>	<u>1,154,292</u>	<u>1,045,364</u>
Total	<u>41,805,571</u>	<u>44,179,674</u>	<u>920,535</u>	<u>1,430,544</u>	<u>42,726,106</u>	<u>45,610,218</u>

Village of Sauk Village, Illinois
Management's Discussion and Analysis (Unaudited)
April 30, 2018

LONG-TERM LIABILITIES (Continued)

As of April 30, 2018, the Village had a total of approximately \$42.7 million of long-term liabilities outstanding. Of this amount, approximately \$28 million was in the form of general obligation bonds and alternative revenue bonds backed by the full faith and credit of the Village government.

In December 2018, the Village made its final payment on the 2007A Bond. The bond was issued to build the Municipal Center. With the retirement of this bond, the Village is starting to lessen its long-term debt burden.

For more detailed information on the Village's bonded and similar indebtedness, see Note K in the notes to the financial statements.

ECONOMIC FACTORS

The Village of Sauk Village is located in the south suburbs of Chicago with a population of approximately 10,540 and 3,380 households. The Village is home to a 425-acre master planned business logistic park with Class 1 Railroad access provided by Canadian National Railroad. Geographically, Sauk Village is near the City of Chicago and within minutes to Interstates 80, 294, 94, 57, 55 and 65. The property tax revenues are derived from residential, commercial and industrial properties, which are relatively stable. Sales tax revenues are expected to remain the same year over year. The Village may increase revenue through future economic development initiatives. Short-term goals include aggressively marketing available land for industrial users seeking greater supply chain management in the Chicago market area and possibly establishing new Tax Increment Financing Districts for commercial development.

REQUESTS FOR INFORMATION

This financial report is intended to provide our citizens, customers, investors, and creditors with general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information, should be directed to the Village of Sauk Village Finance Department, 21801 Torrence Avenue, Sauk Village, Illinois 60411.

BASIC FINANCIAL STATEMENTS

Village of Sauk Village, Illinois
STATEMENT OF NET POSITION (DEFICIT)
April 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current			
Cash and cash equivalents	\$ 2,132,196	\$ 120,277	\$ 2,252,473
Receivables, net of allowances			
Property taxes	1,798,770	-	1,798,770
Intergovernmental	326,114	-	326,114
Charges for services and other	207,098	385,150	592,248
Current portion of deposits with paying agent	3,496,811	-	3,496,811
Prepaid items	304,077	-	304,077
Noncurrent			
Deposits with paying agent, net of current portion	7,514,708	-	7,514,708
Net pension asset - IMRF	87,453	126,554	214,007
Internal balances, net	(1,544,164)	1,544,164	-
Land held for resale	1,063,822	-	1,063,822
Capital assets not being depreciated	574,003	13,500	587,503
Capital assets, net of accumulated depreciation	10,483,258	5,837,576	16,320,834
Total assets	<u>26,444,146</u>	<u>8,027,221</u>	<u>34,471,367</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>401,406</u>	<u>235,097</u>	<u>636,503</u>
LIABILITIES			
Current			
Current portion of long-term liabilities	3,592,547	139,012	3,731,559
Accounts payable	441,333	32,193	473,526
Accrued payroll	79,761	18,732	98,493
Accrued interest	485,570	1,918	487,488
Short-term debt	774,503	-	774,503
Deposits payable	-	182,159	182,159
Due to county government	164,339	-	164,339
Long-term liabilities, net of current portion			
Due in more than one year	<u>38,213,024</u>	<u>781,523</u>	<u>38,994,547</u>
Total liabilities	<u>43,751,077</u>	<u>1,155,537</u>	<u>44,906,614</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,088,337</u>	<u>642,145</u>	<u>1,730,482</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	8,401,626	5,026,956	13,428,582
Restricted by enabling legislation	13,216,683	-	13,216,683
Unrestricted	<u>(39,612,171)</u>	<u>1,437,680</u>	<u>(38,174,491)</u>
Total net position (deficit)	<u>\$ (17,993,862)</u>	<u>\$ 6,464,636</u>	<u>\$ (11,529,226)</u>

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities				
General government	\$ 2,386,424	\$ 386,782	\$ 22,776	\$ -
Public safety	4,563,645	260,401	161,720	-
Public works	811,249	-	200,000	268,250
Interest	1,615,644	-	-	-
Total governmental activities	9,376,962	647,183	384,496	268,250
Business-type activities				
Waterworks	1,554,161	1,570,719	-	-
Sewerage	603,511	802,836	-	-
Total business-type activities	2,157,672	2,373,555	-	-
Total	\$ 11,534,634	\$ 3,020,738	\$ 384,496	\$ 268,250
		General revenues		
		Taxes		
		Intergovernmental		
		Investment income		
		Miscellaneous		
		Transfers		
		Total general revenues		
		Change in net position		
		Net position (deficit) - beginning		
		Net position (deficit) - ending		

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position (Deficit)

Governmental Activities	Business-type Activities	Total
\$ (1,976,866)	\$ -	\$ (1,976,866)
(4,141,524)	-	(4,141,524)
(342,999)	-	(342,999)
<u>(1,615,644)</u>	<u>-</u>	<u>(1,615,644)</u>
<u>(8,077,033)</u>	<u>-</u>	<u>(8,077,033)</u>
-	16,558	16,558
<u>-</u>	<u>199,325</u>	<u>199,325</u>
-	215,883	215,883
<u>(8,077,033)</u>	<u>215,883</u>	<u>(7,861,150)</u>
7,462,608	-	7,462,608
2,335,013	-	2,335,013
71,584	-	71,584
81,026	1,523	82,549
<u>220,000</u>	<u>(220,000)</u>	<u>-</u>
<u>10,170,231</u>	<u>(218,477)</u>	<u>9,951,754</u>
<u>2,093,198</u>	<u>(2,594)</u>	<u>2,090,604</u>
<u>(20,087,060)</u>	<u>6,467,230</u>	<u>(13,619,830)</u>
<u>\$ (17,993,862)</u>	<u>\$ 6,464,636</u>	<u>\$ (11,529,226)</u>

Village of Sauk Village, Illinois

Governmental Funds

BALANCE SHEET

April 30, 2018

	General Fund	Debt Service Fund	Sauk Pointe Industrial Park Fund	LogistiCenter at Sauk Village Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,141,617	\$ -	\$ 21,556	\$ -	\$ 969,023	\$ 2,132,196
Receivables, net of allowances						
Property taxes	1,512,457	-	11,907	-	274,406	1,798,770
Intergovernmental	302,063	-	-	-	24,051	326,114
Other	190,076	-	-	-	17,022	207,098
Deposits with paying agent	-	9,616,785	820	1,357,848	36,066	11,011,519
Prepaid items	304,077	-	-	-	-	304,077
Advances to other funds	488,176	-	-	215,341	1,599,345	2,302,862
Land held for resale	-	-	-	1,063,822	-	1,063,822
Total assets	\$ 3,938,466	\$ 9,616,785	\$ 34,283	\$ 2,637,011	\$ 2,919,913	\$ 19,146,458
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	\$ 368,703	\$ -	\$ -	\$ -	\$ 72,630	\$ 441,333
Accrued payroll	74,705	-	-	-	5,056	79,761
Advances from other funds	3,133,893	-	215,341	9,616	488,176	3,847,026
Due to county government	164,339	-	-	-	-	164,339
Short-term debt	774,503	-	-	-	-	774,503
Total liabilities	4,516,143	-	215,341	9,616	565,862	5,306,962
Deferred inflows						
Property taxes collected in a future period	1,437,321	-	-	-	258,649	1,695,970
Total deferred inflows	1,437,321	-	-	-	258,649	1,695,970
Fund balances (deficits)						
Nonspendable						
Deposits with paying agent	-	9,616,785	820	1,357,848	36,066	11,011,519
Prepaid items	304,077	-	-	-	-	304,077
Advances to other funds	488,176	-	-	215,341	1,599,345	2,302,862
Land held for resale	-	-	-	1,063,822	-	1,063,822
Restricted						
Special revenue purposes	-	-	-	-	87,749	87,749
Capital projects	-	-	-	-	570,752	570,752
Unassigned	(2,807,251)	-	(181,878)	(9,616)	(198,510)	(3,197,255)
Total fund balance (deficits)	(2,014,998)	9,616,785	(181,058)	2,627,395	2,095,402	12,143,526
Total liabilities, deferred inflows, and fund balance	\$ 3,938,466	\$ 9,616,785	\$ 34,283	\$ 2,637,011	\$ 2,919,913	\$ 19,146,458

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois
 Governmental Funds
 RECONCILIATION OF THE BALANCE SHEET
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION (DEFICIT)
April 30, 2018

Total fund balance - governmental funds \$ 12,143,526

Amounts reported for governmental activities in the statement of net position (deficit) differ from the governmental funds balance sheet because:

Certain revenues that are recorded as deferred inflows of resources in the fund financial statements because they are not considered available are recognized as revenue in the government-wide financial statements. 1,695,970

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. 11,057,261

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to pensions	\$ 377,135	
Deferred outflows of 2018 employer contributions related to pensions	<u>24,271</u>	401,406
Deferred inflows of resources related to pensions		(1,088,337)

Net pension asset - IMRF 87,453

Accrued interest reported in the statement of net position does not require the use of current financial resources and, therefore, is not reported in the governmental funds balance sheet. (485,570)

Long-term liabilities included in the statement of net position (deficit) are not due and payable in the current period and, accordingly, are not reported as liabilities in the governmental funds balance sheet. (41,805,571)

Net position (deficit) - governmental activities \$ (17,993,862)

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)

For the Year Ended April 30, 2018

	General Fund	Debt Service Fund	Sauk Pointe Industrial Park Fund	LogistiCenter at Sauk Village Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 2,403,612	\$ -	\$ 1,004,384	\$ 3,427,565	\$ 569,433	\$ 7,404,994
Licenses and permits	245,266	-	-	-	500	245,766
Charges for services	721,649	-	-	-	24,741	746,390
Utility taxes	-	-	-	-	174,008	174,008
Intergovernmental	1,810,223	-	-	-	473,141	2,283,364
Refunds and reimbursements	-	-	-	-	23,000	23,000
Fines and forfeitures	234,250	-	-	-	-	234,250
Investment income	2,875	61,494	-	3,535	3,680	71,584
Miscellaneous	36,075	6,855	8	-	97,192	140,130
Total revenues	5,453,950	68,349	1,004,392	3,431,100	1,365,695	11,323,486
Expenditures						
Current						
General government	1,957,812	-	-	14,000	142,031	2,113,843
Public safety	3,380,973	-	-	-	493,890	3,874,863
Public works	143,163	-	-	-	433,395	576,558
Debt service						
Principal	18,531	3,035,000	-	-	24,654	3,078,185
Interest	9,518	1,239,071	-	-	554	1,249,143
Capital outlay	39,984	-	-	-	115,976	155,960
Total expenditures	5,549,981	4,274,071	-	14,000	1,210,500	11,048,552
Excess (deficiency) of revenues over expenditures	(96,031)	(4,205,722)	1,004,392	3,417,100	155,195	274,934
Other financing sources (uses)						
Proceeds from long-term debt	83,600	-	-	-	-	83,600
Transfers in	530,000	4,522,366	-	-	200,000	5,252,366
Transfers (out)	(693,000)	-	(1,007,108)	(2,819,672)	(512,586)	(5,032,366)
Total other financing sources (uses)	(79,400)	4,522,366	(1,007,108)	(2,819,672)	(312,586)	303,600
Net change in fund balances	(175,431)	316,644	(2,716)	597,428	(157,391)	578,534
Fund balances (deficits)						
Beginning of year, as restated (Note S)	(1,839,567)	9,300,141	(178,342)	2,029,967	2,252,793	11,564,992
End of year	\$ (2,014,998)	\$ 9,616,785	\$ (181,058)	\$ 2,627,395	\$ 2,095,402	\$ 12,143,526

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2018

Net change in fund balances - total governmental funds	\$	578,534
Amounts reported for governmental activities in the statement of activities are different because:		
Certain revenues that are unearned in the fund financial statements because they are not considered available are recognized as revenue in the government-wide financial statements.		(83,197)
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. This is the amount by which depreciation expense exceeded capital asset additions.		(487,390)
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		26,363
Changes in deferred outflows and inflows of resources related to pensions are reported only in the statement of activities.		
Deferred outflows and inflows of resources related to:		
IMRF pension	(386,226)	
Police pension	(66,045)	
Firefighters' pension	49,603	(402,668)
Net pension asset - IMRF		87,453
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds.		2,374,103
Change in net position - governmental activities	\$	2,093,198

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois
Proprietary Funds
STATEMENT OF NET POSITION
April 30, 2018

	Waterworks Fund	Sewerage Fund	Total
ASSETS			
Current			
Cash and cash equivalents	\$ 120,277	\$ -	\$ 120,277
Receivables, net of allowances	243,319	141,831	385,150
Total current assets	363,596	141,831	505,427
Noncurrent			
Net pension asset - IMRF	66,900	59,654	126,554
Advances to other funds	1,059,258	489,500	1,548,758
Capital assets not being depreciated	13,500	-	13,500
Capital assets, net of accumulated depreciation	5,423,937	413,639	5,837,576
Total noncurrent assets	6,563,595	962,793	7,526,388
Total assets	6,927,191	1,104,624	8,031,815
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	116,474	118,623	235,097
LIABILITIES			
Current			
Current portion of long-term liabilities	86,870	52,142	139,012
Accounts payable	25,911	6,282	32,193
Accrued payroll	11,623	7,109	18,732
Accrued interest	1,918	-	1,918
Advances from other funds	-	4,594	4,594
Deposits payable	182,159	-	182,159
Noncurrent			
Due in more than one year	781,523	-	781,523
Total liabilities	1,090,004	70,127	1,160,131
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	339,458	302,687	642,145
NET POSITION			
Net investment in capital assets	4,613,317	413,639	5,026,956
Unrestricted	1,000,886	436,794	1,437,680
Total net position	\$ 5,614,203	\$ 850,433	\$ 6,464,636

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois
Proprietary Funds
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended April 30, 2018

	Waterworks Fund	Sewerage Fund	Total
Operating revenues			
Charges for services	\$ 1,550,919	\$ 802,836	\$ 2,353,755
Meter sales	19,800	-	19,800
Miscellaneous	312	1,211	1,523
Total operating revenues	<u>1,571,031</u>	<u>804,047</u>	<u>2,375,078</u>
Operating expenses			
Operations	1,169,585	573,669	1,743,254
Depreciation	367,605	29,842	397,447
Total operating expenses	<u>1,537,190</u>	<u>603,511</u>	<u>2,140,701</u>
Operating income	<u>33,841</u>	<u>200,536</u>	<u>234,377</u>
Nonoperating income (expenses)			
Debt service - interest	<u>(16,971)</u>	<u>-</u>	<u>(16,971)</u>
Total nonoperating (expenses)	<u>(16,971)</u>	<u>-</u>	<u>(16,971)</u>
Other financing sources (uses)			
Transfers in	15,000	15,000	30,000
Transfers out	<u>(150,000)</u>	<u>(100,000)</u>	<u>(250,000)</u>
Total other financing sources (uses)	<u>(135,000)</u>	<u>(85,000)</u>	<u>(220,000)</u>
Change in net position	(118,130)	115,536	(2,594)
Net position			
Beginning of year	<u>5,732,333</u>	<u>734,897</u>	<u>6,467,230</u>
End of year	<u>\$ 5,614,203</u>	<u>\$ 850,433</u>	<u>\$ 6,464,636</u>

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois

Proprietary Funds

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2018

	<u>Waterworks</u> <u>Fund</u>	<u>Sewerage</u> <u>Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 1,572,196	\$ 780,304	\$ 2,352,500
Cash paid to suppliers	(791,545)	(501,020)	(1,292,565)
Cash paid to employees	(369,930)	(80,224)	(450,154)
Net cash provided by operating activities	<u>410,721</u>	<u>199,060</u>	<u>609,781</u>
Cash flows from noncapital financing activities			
Transfers from other funds	15,000	15,000	30,000
Transfers to other funds	(150,000)	(100,000)	(250,000)
Changes in advances to/from other funds, net	(96,580)	(114,060)	(210,640)
Net cash used in noncapital financing activities	<u>(231,580)</u>	<u>(199,060)</u>	<u>(430,640)</u>
Cash flows from capital financing activities			
Payments on IEPA loan	(58,864)	-	(58,864)
Net cash provided by capital financing activities	<u>(58,864)</u>	<u>-</u>	<u>(58,864)</u>
Net change in cash and cash equivalents	120,277	-	120,277
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 120,277</u>	<u>\$ -</u>	<u>\$ 120,277</u>

(Continued)

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois
Proprietary Funds
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended April 30, 2018

	<u>Waterworks Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 33,841	\$ 200,536	\$ 234,377
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	367,605	29,842	397,447
(Increase) decrease in assets and deferred outflows			
Receivables	(2,726)	(23,743)	(26,469)
Deferred outflows related to pensions	51,312	43,079	94,391
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	1,998	(11,087)	(9,089)
Accrued payroll	873	685	1,558
Compensated absences	25,565	20,954	46,519
Deposits	3,891	-	3,891
Net pension liability	(340,125)	(301,161)	(641,286)
Deferred inflows related to pensions	268,487	239,955	508,442
Net cash provided by operating activities	<u>\$ 410,721</u>	<u>\$ 199,060</u>	<u>\$ 609,781</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois

Fiduciary Funds

STATEMENT OF NET POSITION

April 30, 2018

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 290,140
Investments	5,211,398
Accrued interest	15,134
Other receivable	<u>26,142</u>
 Total assets	 <u>5,542,814</u>
LIABILITIES	
Accounts payable	<u>534</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 5,542,280</u>

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois
Fiduciary Funds
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Year Ended April 30, 2017

ADDITIONS

Contributions	
Employer	\$ 302,961
Members and other	<u>152,393</u>
Total contributions	<u>455,354</u>
Investment earnings	279,138
Investment expenses	<u>(22,980)</u>
Net investment earnings (losses)	<u>256,158</u>
Total additions	<u>711,512</u>

DEDUCTIONS

Pension benefits	634,480
Administrative expense	<u>26,903</u>
Total deductions	<u>661,383</u>

CHANGE IN NET POSITION

50,129

PLAN NET POSITION HELD IN TRUST
FOR PENSION BENEFITS

Beginning of year	<u>5,492,151</u>
End of year	<u>\$ 5,542,280</u>

The accompanying notes are an integral part of this statement.

Village of Sauk Village, Illinois
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April 30, 2018

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Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Sauk Village (the "Village") was incorporated in 1957. The Village is located in Cook County, Illinois, with a small portion located in Will County, Illinois. The Village operates under the mayor-trustee form of government. The Village Board consists of a mayor and six elected members that exercise all powers of the Village but are accountable to their constituents for their actions. The Village provides the following services as authorized by its charter: public safety (police, fire, civil defense and emergency), highways and streets, parks and playgrounds, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

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

The following is a summary of the Village's significant accounting policies:

1. Reporting Entity

As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- a. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- b. Fiscal dependency on the primary government.

Based on the above criteria, the Village does not have any component units. Additionally, the Village is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. Pending Accounting Pronouncement

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the Village beginning with its year ending April 30, 2019. The Village anticipates additional long-term liabilities associated with the other postemployment benefit to be similar to the current unfunded actuarial accrued liability (UAAL). For the fiscal year ended April 30, 2018, the UAAL was \$2,694,273.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net position (deficit) presents the Village's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as net position (deficit) in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position arises when constraints placed on the use of net position are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net positions that do not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first to finance qualifying activities, then unrestricted resources as the resources are needed.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, 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. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements as they are not available to address activities or obligations of the Village. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds, that are aggregated in the fund financial statements, are reported separately in the other supplementary information.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Accounting

The accounts of the Village are organized on the basis of funds, which are considered as separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows, fund balance/net position, revenues, and expenditures/expenses. The Village's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic fund types and broad fund categories as follows:

a. Governmental Fund Types

Governmental funds are those through which governmental functions of the Village are financed. The Village's expendable financial resources (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon the determination of changes in financial position, rather than upon net income determination. The following are the Village's governmental fund types:

The *General Fund* is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. Its primary revenue sources include property taxes and intergovernmental revenues.

Special revenue funds are used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted to expenditures for specified purposes. The Village's special revenue funds are the Fire Protection, Motor Fuel Tax, Emergency Telephone System, Police Seizure, Working Cash, and Railroad Noise Mitigation Funds. The primary revenue sources include property taxes and intergovernmental revenues.

Debt service funds are used to account for the accumulation of resources for debt service payments. The Village's debt service funds are the Debt Service, Sauk Pointe Industrial Park, and LogistiCenter at Sauk Village Funds. The primary revenue and other financing sources include property taxes and transfers from other funds.

Capital projects funds are used to account for the use of resources for capital improvements. The Village's capital projects funds are the Utility Tax, Community Development Block Grant, Sauk Plaza Redevelopment Plan, SurreyBrook Plaza, and Municipal Building Funds. The primary revenue and financing sources include property taxes, utility taxes, intergovernmental revenues, bond proceeds, and transfers from other funds.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Presentation - Fund Accounting (Continued)

b. Proprietary Fund Types

Proprietary funds are used to account for the Village's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has 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 purposes. The Village's enterprise funds are the Waterworks and Sewerage Funds.

c. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Pension trust funds are used to account for the Village's public safety employee pension funds. The Police Pension Fund and the Firefighters' Pension Fund are the Village's pension trust funds.

5. Fund Balance

The governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

a. *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash such as deposits with paying agent, prepaid expenditures, advances to other funds, or land held for resale.

b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. Special revenue funds as well as debt service and capital projects funds are by definition restricted for those specified purposes.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fund Balance (Continued)

c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority (the Village Board). The Village Board commits fund balances by passing a resolution. Amounts committed cannot be used for any purpose unless the Village removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. At April 30, 2018, the Village had no committed fund balances.

d. *Assigned* - refers to amounts that are constrained by the Village's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the Board of Trustees or the individual the Village Board delegates the authority to assign amounts to be used for specific purposes. The Village Board has not delegated this authority as of April 30, 2018. At April 30, 2018, the Village had no assigned fund balances.

e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the general fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally they act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

6. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers all governmental fund revenues as available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes are reported as general revenues.

Property taxes, interest revenue, and charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports unearned/unavailable revenue on its governmental fund financial statements. Unearned/unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the unearned/unavailable revenue is removed from the balance sheet and revenue is recognized.

The fiduciary fund statements are reported using the accrual basis of accounting.

The Village reports the following major governmental funds:

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

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The *Sauk Pointe Industrial Park Fund* is a debt service fund which accounts for the revenue generated from the tax incremental finance (TIF) district for office and light manufacturing development.

The *LogistiCenter at Sauk Village Fund* is a debt service fund which accounts for the revenue generated from the TIF district to finance the first phase development and construction of a one hundred and fifty-acre intermodal transportation facility.

The Village reports the following major proprietary funds:

The *Waterworks Fund* accounts for the provision of potable water services 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 Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Sewerage Fund* accounts for the provision of sewerage services 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.

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 enterprise funds are charges to customers for sales and services. 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.

7. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to future periods. At April 30, 2018, the Village had deferred outflows of resources related to pensions. In addition to liabilities, the Village may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that are applicable to future periods. At April 30, 2018, the Village had deferred inflows related to pensions, and property taxes collected in a future period.

8. Cash Equivalents

The Village considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

9. Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as sales, income, and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as property taxes and fines) are recognized when an enforceable legal claim has arisen.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Receivables (Continued)

- Government mandates or voluntary nonexchange transaction receivables, such as grants, are recognized when all eligibility requirements have been met.

The carrying amount of receivables - charges for services and other is reduced by a valuation allowance that reflects management's best estimate of the amounts that may not be collected. Management's estimate is based on receivables aged over 90 days past due for garbage services and Village utility sales (water and sewer) charged to residents. The allowances for doubtful customer receivables totaled \$37,700, \$91,897 and \$43,177 in the General Fund, Waterworks Fund, and Sewerage Fund, respectively, at April 30, 2018.

10. Investments

Investments are stated at fair value. Changes in fair value are included in investment income.

11. Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased. Reported prepaid expenditures are equally offset by fund balance reserves, which indicate that they do not constitute "available spendable resources", even though they are a component of current assets.

12. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, and for lending/borrowing purposes. These receivables and payables are classified as "due from/to other funds" (the current portion of interfund transactions) or "advance from/to other fund" (the noncurrent portion of interfund transactions) on the fund balance sheets.

Advances between funds are offset by a nonspendable fund balance, in applicable governmental funds, to indicate that they are not available for appropriation and are not expendable, available financial resources.

13. Land Held for Resale

The Village values its land held for resale at the lower of cost or market. In July 2018, the Village sold approximately 33 acres of the land to a developer for the selling price of approximately \$1,350,000.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Capital Assets

Capital assets, which include buildings, machinery and equipment, vehicles, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial individual cost of more than \$5,000 for machinery and equipment, \$25,000 for property and buildings, and \$50,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value, at the date of donation.

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend assets' lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	20 - 40
Waterworks and sewerage systems	10 - 40
Machinery and equipment	5 - 25
Vehicles	4 - 15
Water meters	10 - 20
Infrastructure	15 - 40

Construction in progress is stated at cost and includes engineering, design, and legal costs incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and put in use.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Compensated Absences

Accumulated vacation and sick leave that are expected to be liquidated with expendable, available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay them, typically the General Fund. Accumulated vacation and sick leave that are not expected to be liquidated with expendable, available financial resources are reported as long-term debt on the government-wide statement of net position. Accumulated vacation and sick leave of the proprietary funds are recorded as expenses and liabilities of that fund, as the benefits accrue to employees.

16. Pensions

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

17. 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 or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and 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 cost and losses on refunding are reported as debt service expenditures.

18. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position (Deficit)

The governmental funds balance sheet includes a reconciliation between fund balance – governmental funds and net position (deficit) – governmental activities as reported in the government-wide statement of net position (deficit).

One element of that reconciliation explains that “Long-term liabilities included in the statement of net position (deficit) are not due and payable in the current period and, accordingly, are not reported as liabilities in the governmental funds balance sheet.” The details of this difference are as follows:

Alternate revenue bonds	\$ 27,860,440
General obligation bonds	135,000
Street light loan	76,084
Police vehicle loan	83,600
Fire truck loan	315,000
Premiums on bonds sold	292,200
Compensated absences	196,334
Net pension liabilities	
Police	10,359,165
Firefighters'	1,174,896
Net other postemployment benefit obligation	1,154,292
Judgment liability	<u>158,560</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 41,805,571</u></u>

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net position - governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “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.” The details of this difference are as follows:

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) and the Government-wide Statement of Activities (Continued)

Capital outlay	\$ 165,523
Depreciation expense	<u>(652,913)</u>
 Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	 \$ <u><u>(487,390)</u></u>

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Interest accreted - capital appreciation bonds	\$ (419,073)
Principal payments on alternate revenue bonds	2,970,000
Principal payments on general obligation bonds	65,000
Issuance of police vehicle loan	(83,600)
Principal payments on fire truck loan	17,500
Principal payments on capital leases	25,686
Amortization of bond premiums	26,208
Net decreases (increases) in net pension liabilities	
IMRF	325,343
Police	(501,057)
Firefighters'	60,220
Net increase in other postemployment benefits obligation	(108,928)
Net decrease in compensated absences	3,789
Net increase in judgment liability	<u>(6,985)</u>
 Net changes in current financial resources	 \$ <u><u>2,374,103</u></u>

Village of Sauk Village, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS

1. Village Deposits and Investments

At April 30, 2018, the Village's cash and cash equivalents, excluding the pension trust funds, consisted of the following:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 2,132,196	\$ 120,277	\$ 2,252,473

For disclosure purposes, this amount is segregated into three components, as follows:

	Total
Cash on hand	\$ 2,292
Deposits with financial institutions	1,871,065
Illinois Funds	379,116
	\$ 2,252,473

Deposits with Financial Institutions

The Village maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is included in cash and cash equivalents on the governmental funds balance sheet or the proprietary funds statement of net position. In addition, deposits are separately held by several of the Village's funds.

Custodial risk for deposits with financial institutions is the risk that, in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a policy for custodial credit risk. At April 30, 2018, the carrying amount of the Village's deposits was \$1,871,065 with bank balances totaling \$2,089,675. At April 30, 2018, all of the Village's deposits were insured or collateralized.

Investments

The Village's investment policy, which is consistent with state statutes, authorizes the Village to invest in deposits in interest-bearing savings accounts, interest-bearing certificates of deposits or interest-bearing time deposits, insured savings and loan institutions, the Illinois Funds, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations, obligations of the U.S. Treasury and U.S. Agencies, or other securities guaranteed by the full faith and credit of the United States of America. The investment policy limits the Village's deposits to financial institutions that are members of the FDIC system.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Village Deposits and Investments (Continued)

Investments (Continued)

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, 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. The Fund has an affirmed AAAM Standard & Poor's credit quality rating. Investments in Illinois Funds are measured at \$1.00 per share using amortized cost basis. There were no unfunded commitments and no redemption limitations or notice periods.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, a periodic review of the investment portfolio is performed to ensure performance is consistent with the safety, liquidity, rate of return, diversification and overall performance the Village needs.

Concentration of credit risk - In the case of deposits, this is the risk that, in the event of a bank failure, the entity's deposits may not be returned to it. The Village's investment policy does not restrict the amount of investments in any one issuer. The Illinois Funds Money Market Fund is not subject to concentration of credit risk.

Custodial credit risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. The Village's investment policy does not specifically address custodial credit risk. The Illinois Funds Money Market Fund is not subject to custodial credit risk.

2. Pension Deposits, Investments, and Concentrations

a. Firefighters' Pension Fund

The deposits and investments of the Firefighters' Pension Fund are held separately from those of other Village funds.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Pension Deposits, Investments, and Concentrations (Continued)

a. Firefighters' Pension Fund (Continued)

Statutes and the Firefighters' Pension Fund's investment policy authorize the Firefighters' Pension Fund to make deposits or 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 agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Money Market Fund, 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; and direct obligations of the State of Israel.

Also authorized are deposits or investments in 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; 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 Firefighters' 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 net positions 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 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's net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net positions of at least \$10 million that have appointed an investment advisor may invest up to fifty-five percent of their plan net position in common and preferred stocks and mutual funds that meet specific restrictions.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Pension Deposits, Investments, and Concentrations (Continued)

a. Firefighters' Pension Fund (Continued)

i. Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits and investments - At April 30, 2018, the carrying amount of the Firefighters' Pension Fund's deposits totaled \$65,085 and the bank balances totaled \$65,085. At April 30, 2018, the Firefighters' Pension Fund had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities - in Years		
		Less than 1	1-5	6-10
Mutual funds	\$ 7,002	\$ 7,002	\$ -	\$ -

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

Credit risk - The Firefighters' Pension Fund limits 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 Firefighters' Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. Besides investing in securities issued by agencies of the United States government, the Firefighters' Pension Fund has no other formal policy for reducing

Custodial credit risk - Deposits - At April 30, 2018, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Firefighters' Pension Fund's investment policy states that deposits in excess of federally insured limits in financial institutions will be required to be secured by some form of collateral. The Firefighters' Pension Fund will accept the following as collateral: U.S. Treasuries, Notes and Bonds, and U.S. agencies. The amount of collateral provided will not be less than 110 percent of the fair market value of the Firefighters' Pension Fund's uninsured deposits.

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

Concentration of credit risk - This is the risk of loss attributed to the magnitude of the Firefighters' Pension Fund's investment in a single issuer. The Firefighters' Pension Fund does not have a formal written policy with regards to concentration credit risk for investments.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Pension Deposits, Investments, and Concentrations (Continued)

a. Firefighters' Pension Fund (Continued)

i. Credit Risk, Custodial Credit Risk, and Concentration Risk (Continued)

The Firefighters' Pension 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	90.0 %	2.5 %
Domestic equities	7.0	6.0
International equities	2.5	5.5
Real estate	0.5	7.0
Cash and cash equivalents	0.0	0.0

Securities in any one company should not exceed 5 percent of the total fund.

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in August 2015 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.

Rate of Return - For the year ended April 30, 2018, the annual time-weighted rate of return on pension plan investments, net of pension plan investment expense, was a loss of (0.14) percent. The time-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurements The Firefighters' Pension Fund 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.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Pension Deposits, Investments, and Concentrations (Continued)

a. Firefighters' Pension Fund (Continued)

i. Credit Risk, Custodial Credit Risk, and Concentration Risk (Continued)

The following table summarizes the investments of the Firefighters' Pension Fund, for which fair values are determined on a recurring basis as of April 30, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	7,002	7,002	-	-
	\$ 7,002	\$ 7,002	\$ -	\$ -

The mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Firefighters' Pension Fund are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Firefighters' Pension Fund are deemed to be actively traded.

b. Police Pension Fund

The deposits and investments of the Police Pension Fund are held separately from those of other Village funds.

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Police Pension Fund's deposits might not be recovered. The Police Pension Fund does not have a deposit policy for custodial credit risk. As of April 30, 2018, the Police Pension Fund's bank balances were fully covered by federal depository insurance.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Pension Deposits, Investments, and Concentrations (Continued)

b. Police Pension Fund (Continued)

Investments

Investment Policy - The Police Pension Plan investment program is derived from the terms and provisions of the Illinois Compiled Statutes (ILCS). ILCS requires the Police Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board. During the year, no changes to the investment policy were approved by the Board of Trustees.

The following investments are allowed as limited by the provisions of the ILCS: direct obligations of the United States of America; obligations that are fully guaranteed or insured by the United States of America; obligations of agencies of the United States of America; insured savings accounts or certificates of deposit issued by banks or savings and loan associations; insured investments in credit unions; bonds of the state of Illinois; pooled accounts managed by the Illinois Public Treasurer's Investment Pool; funds and pooled accounts managed, operated and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies; obligations of any county, township, or municipal corporation of the state of Illinois; money market mutual funds; general and separate accounts of life insurance companies; mutual funds; and common and preferred stocks.

As of April 30, 2018, the Police Pension Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighed Average Years to Maturity (2)</u>
Corporate bonds	\$ 246,961	Aa1 - Baa1	2.06
Equities	609,528	N/A	N/A
Mutual funds	1,751,796	N/A	N/A
U.S. government agency securities	291,439	Aaa/AA+	2.22
U.S. Treasury notes	<u>2,304,672</u>	Aaa/AA+	3.97
Total	<u>\$ 5,204,396</u>		

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable.

(2) *Interest Rate Risk* is estimated using weighted average years to maturity.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Pension Deposits, Investments, and Concentrations (Continued)

b. Police Pension Fund (Continued)

The Police Pension Fund's investments are subject to the following risks:

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Police Pension Fund does not have an investment policy for this risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Police Pension Fund's investment program is derived from the terms and provisions of the Illinois Compiled Statutes Public Funds Investment Act (40 ILCS 5/1-113) which allow investment in instruments of the United States of America or its agencies, savings accounts, certificates of deposit, public treasurers' pools, interest bearing bonds of any county, township or municipal corporation, mutual funds, certain short-term obligations of U.S. corporations, common stocks, and general or separate accounts of life insurance companies authorized to transact business in Illinois.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Police Pension Fund's investment in a single issuer. The Police Pension Fund does not have an investment policy for this risk.

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty to a transaction, the Police Pension Fund will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Police Pension Fund does not have an investment policy for this risk.

Fair Value Measurements The Police Pension Fund 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.

The Police Pension Fund had the following fair value measurements as of April 30, 2018:

Corporate bonds, U.S. government agency obligations and U.S. Treasury notes - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

Equities - Valued at quoted market prices for identical assets in active markets.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Pension Deposits, Investments, and Concentrations (Continued)

b. Police Pension Fund (Continued)

Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Police Pension Fund are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Sauk Village Police Pension Fund are deemed to be actively traded.

The following table summarizes the investments of the Police Pension Fund, for which fair values are determined on a recurring basis as of April 30, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate bonds	\$ 246,961	\$ -	\$ 246,961	\$ -
Equities	609,528	609,528	-	-
Mutual funds	1,751,796	1,751,796	-	-
U.S. government agency obligations	291,439	-	291,439	-
U.S. Treasury notes	2,304,672	-	2,304,672	-
	<u>\$ 5,204,396</u>	<u>\$ 2,361,324</u>	<u>\$ 2,843,072</u>	<u>\$ -</u>

NOTE D - PROPERTY TAXES

Property taxes for the 2017 tax year attach as an enforceable lien on January 1, 2017 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal period (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, 2018 and August 1, 2018. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 3 percent of the tax levy to reflect actual collection experience. That portion of the 2017 levy property tax receivable which is not collected within 60 days after year-end is not considered a current financial resource and is, therefore, recorded as property tax revenue collected in a future period in the fund financial statements.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE E - TAX ABATEMENTS

Village property tax revenues are impacted by certain reduced assessments granted by the County of Cook in conjunction with the Village Board for the development or redevelopment of commercial and industrial properties. The properties receive a real estate tax incentive through a reduction in the assessment from the standard rate to a reduced rate for a period of time. Although tax revenues are not reduced in the whole, those properties receive a reduced bill. The total estimated impact of these incentives to the Village is a reduction in property taxes for those properties in the amount of approximately \$1,978,000 for the 2017 tax levy.

NOTE F - DEPOSITS WITH PAYING AGENT

The Village maintains deposits with the paying agent for the payment of principal and interest maturities on its tax increment financing (TIF) and other bonded debt, TIF redevelopment project costs, reserve and redemption, and for certain other purposes, in accordance with the requirements set forth by the respective bond ordinances. As of April 30, 2018, deposits with paying agent totaling \$11,011,519 were invested in the Goldman Sachs Financial Square Federal Instruments Fund, a money market portfolio that comprises U.S. Government and U.S. Treasury securities. The Fund was rated AAAM by Standard & Poor's and Aaa-mf by Moody's as of April 30, 2018.

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

1. Governmental Activities

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>April 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 574,003	\$ -	\$ -	\$ 574,003
Capital assets being depreciated				
Buildings and improvements	7,505,200	-	-	7,505,200
Machinery and equipment	2,248,496	9,999	-	2,258,495
Vehicles	3,642,383	155,524	214,385	3,583,522
Infrastructure	36,676,704	-	-	36,676,704
Total capital assets being depreciated	<u>50,072,783</u>	<u>165,523</u>	<u>214,385</u>	<u>50,023,921</u>
Less accumulated depreciation for				
Buildings and improvements	2,684,050	182,955	-	2,867,005
Machinery and equipment	2,068,919	53,638	-	2,122,557
Vehicles	2,649,818	192,968	214,385	2,628,401
Infrastructure	31,699,348	223,352	-	31,922,700

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE G - CAPITAL ASSETS (Continued)

1. Governmental Activities (Continued)

	Balance May 1, 2017	Additions	Disposals	Balance April 30, 2018
Total accumulated depreciation	39,102,135	652,913	214,385	39,540,663
Total capital assets, being depreciated, net	10,970,648	(487,390)	-	10,483,258
Governmental activities capital assets, net	\$ 11,544,651	\$ (487,390)	\$ -	\$ 11,057,261

2. Business-Type Activities

	Balance May 1, 2017	Additions/ Transfers	Disposals/ Transfers	Balance April 30, 2018
Capital assets not being depreciated				
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Capital assets, being depreciated				
Buildings and improvements	51,117	-	-	51,117
Waterworks and sewerage system	11,664,070	-	-	11,664,070
Machinery and equipment	601,761	-	-	601,761
Vehicles	440,457	-	-	440,457
Water meters	644,961	-	-	644,961
Total capital assets, being depreciated	13,402,366	-	-	13,402,366
Less accumulated depreciation for				
Buildings and improvements	50,799	316	-	51,115
Waterworks and sewerage system	5,513,413	372,047	-	5,885,460
Machinery and equipment	561,343	14,176	-	575,519
Vehicles	396,827	10,908	-	407,735
Water meters	644,961	-	-	644,961
Total accumulated depreciation	7,167,343	397,447	-	7,564,790
Total capital assets, being depreciated, net	6,235,023	(397,447)	-	5,837,576
Business-type activities, capital assets, net	\$ 6,248,523	\$ (397,447)	\$ -	\$ 5,851,076

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE G - CAPITAL ASSETS (Continued)

3. Depreciation Expense

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 179,298
Public safety	238,924
Public works	<u>234,691</u>
Total depreciation expense - governmental activities	<u>\$ 652,913</u>
Business – type activities:	
Waterworks	\$ 367,605
Sewerage	<u>29,842</u>
Total depreciation expense - business-type activities	<u>\$ 397,447</u>

NOTE H - INTERFUND TRANSACTIONS

1. Interfund Advances

	<u>Advances to</u>	<u>Advances from</u>
General		
Nonmajor governmental	\$ 488,176	\$ 1,589,729
Waterworks	-	1,054,664
Sewerage	<u>-</u>	<u>489,500</u>
Total General	<u>488,176</u>	<u>3,133,893</u>
Sauk Pointe Industrial Park		
LogistiCenter at Sauk Village	<u>-</u>	<u>215,341</u>
Total Sauk Pointe Industrial Park	<u>-</u>	<u>215,341</u>

(Continued)

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE H - INTERFUND TRANSACTIONS (Continued)

1. Interfund Advances (Continued)

	<u>Advances to</u>	<u>Advances from</u>
LogistiCenter at Sauk Village		
Sauk Pointe Industrial Park	\$ 215,341	\$ -
Nonmajor governmental	-	9,616
Total LogistiCenter at Sauk Village	<u>215,341</u>	<u>9,616</u>
Nonmajor governmental		
General	1,589,729	488,176
LogistiCenter at Sauk Village	9,616	-
Total nonmajor governmental	<u>1,599,345</u>	<u>488,176</u>
Total governmental funds	<u>2,302,862</u>	<u>3,847,026</u>
Waterworks		
General	1,054,664	-
Sewerage	4,594	-
Total Waterworks	<u>1,059,258</u>	<u>-</u>
Sewerage		
General	489,500	-
Waterworks	-	4,594
Total Sewerage	<u>489,500</u>	<u>4,594</u>
Total enterprise funds	<u>1,548,758</u>	<u>4,594</u>
Total all funds	3,851,620	3,851,620
Less amounts eliminated during GASB 34 conversion	<u>(2,307,456)</u>	<u>(2,307,456)</u>
Total government-wide internal balances	<u>\$ 1,544,164</u>	<u>\$ 1,544,164</u>

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE H - INTERFUND TRANSACTIONS (Continued)

2. Interfund Transfers

	<u>Transfers in</u>	<u>Transfers out</u>
General		
LogistiCenter at Sauk Village	\$ 250,000	\$ -
Debt Service	-	693,000
Nonmajor Governmental	30,000	-
Waterworks	150,000	-
Sewerage	<u>100,000</u>	<u>-</u>
Total General	<u>530,000</u>	<u>693,000</u>
Debt Service		
General	693,000	-
Sauk Pointe Industrial Park	1,007,108	-
LogistiCenter at Sauk Village	2,569,672	-
Nonmajor Governmental	<u>252,586</u>	<u>-</u>
Total Debt Service	<u>4,522,366</u>	<u>-</u>
Sauk Pointe Industrial Park		
Debt Service	<u>-</u>	<u>1,007,108</u>
Total Sauk Pointe Industrial Park	<u>-</u>	<u>1,007,108</u>
LogistiCenter at Sauk Village		
General	-	250,000
Debt Service	<u>-</u>	<u>2,569,672</u>
Total LogistiCenter at Sauk Village	<u>-</u>	<u>2,819,672</u>

(Continued)

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE H - INTERFUND TRANSACTIONS (Continued)

2. Interfund Transfers (Continued)

	<u>Transfers in</u>	<u>Transfers out</u>
Nonmajor governmental		
General	\$ -	\$ 30,000
Debt Service	-	252,586
Nonmajor governmental	200,000	200,000
Waterworks	-	15,000
Sewerage	-	15,000
Total nonmajor governmental	200,000	512,586
Total governmental funds	5,252,366	5,032,366
Waterworks		
General	-	150,000
Nonmajor governmental	15,000	-
Total Waterworks	15,000	150,000
Sewerage		
General	-	100,000
Nonmajor governmental	15,000	-
Total Sewerage	15,000	100,000
Total enterprise funds	30,000	250,000
Total all funds	5,282,366	5,282,366
Less amounts eliminated during GASB 34 conversion	(5,062,366)	(5,062,366)
Total government-wide transfers	\$ 220,000	\$ 220,000

NOTE I - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; natural disasters; employee health; and injuries to the Village's employees. The Village has purchased private commercial liability and health insurance coverage to manage these risks. The Village also participates in the Illinois Public Risk Fund (IPRF), a self-insured pool for workers' compensation coverage which has in excess of 500 member entities. Settled claims have not exceeded the coverages in the current or preceding three fiscal periods.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE I - RISK MANAGEMENT (Continued)

Complete financial statements for IPRF can be obtained from its business office at 7851 W 185th St, Suite 101, Tinley Park IL 60477.

NOTE J - SHORT-TERM DEBT

The following is a summary of the Village's short-term debt obligations, recorded in the General Fund, as of and for the year ended April 30, 2018:

	Balance May 1, 2017	Additions	Retirements	Balance April 30, 2018
Insurance premium loans	\$ 257,586	\$ 265,376	\$ 283,459	\$ 239,503
Tax anticipation warrants	-	535,000	-	535,000
Total general fund / governmental activities	\$ 257,586	\$ 800,376	\$ 283,459	\$ 774,503

1. *Insurance Premium Loans*

In March 2017, the Village entered into a loan agreement with a third party finance company, to finance premium payments on certain insurance policies. The agreement required monthly payments of \$29,353, including interest at 6.10 percent, through January 2018.

In March 2018, the Village entered into another loan agreement with the same finance company, to finance premium payments on certain insurance policies. The agreement requires monthly payments of \$27,366, including interest at 6.75 percent, through January 2019.

2. *Tax Anticipation Warrants*

In April 2018, the Village sold \$535,000 General Fund Purposes Tax Anticipation Warrants to a financial institution, in order to provide short-term cash flow. The warrants are to be repaid in installments of \$265,000 and \$270,000, including interest at 2.50%, through March 15, 2019, upon the collection of the taxes levied for general fund purposes for the tax years 2017 and 2018.

NOTE K - LONG-TERM LIABILITIES

1. Changes in Long-Term Liabilities

The following is a summary of the Village's long-term liability balances and transactions associated with governmental activities, for the year ended April 30, 2018:

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE K - LONG-TERM LIABILITIES (Continued)

1. Changes in Long-Term Liabilities (Continued)

	Balance May 1, 2017	Additions/ Accretion	Retirements	Balance April 30, 2018	Due Within One Year
Alternate revenue bonds	\$ 30,411,367	\$ 419,073	\$ 2,970,000	\$ 27,860,440	\$ 3,074,967
General obligation bonds	200,000	-	65,000	135,000	65,000
Unamortized bond premium	318,408	-	26,208	292,200	26,208
Street light loan	76,084	-	-	76,084	37,258
Fire truck loan	332,500	-	17,500	315,000	17,500
Police vehicle loan	-	83,600	-	83,600	16,720
Capital lease	25,686	-	25,686	-	-
Compensated absences	200,123	209,970	213,759	196,334	196,334
Judgment liability	151,575	232,500	225,515	158,560	158,560
Net OPEB obligation	1,045,364	256,833	147,905	1,154,292	-
Net pension liabilities					
IMRF *	325,343	435,321	760,664	-	-
Police	9,858,108	1,483,847	982,790	10,359,165	-
Firefighters'	1,235,116	258,019	318,239	1,174,896	-
 Total governmental activities	 \$ 44,179,674	 \$ 3,379,163	 \$ 5,753,266	 \$ 41,805,571	 \$ 3,592,547

The following is a summary of the Village's long-term liability balances and transactions associated with business-type activities, for the year ended April 30, 2018:

	Balance May 1, 2017	Additions/ Interest	Retirements	Balance April 30, 2018	Due Within One Year
Illinois EPA loan	\$ 865,916	-	\$ 41,796	\$ 824,120	\$ 42,597
Compensated absences	49,896	101,413	54,894	96,415	96,415
IMRF net pension liability *	514,732	612,002	1,126,734	-	-
 Total business-type activities	 \$ 1,430,544	 \$ 713,415	 \$ 1,223,424	 \$ 920,535	 \$ 139,012

* In 2018 the IMRF plan fiduciary net position exceeded the total pension liability, resulting in a net pension asset of \$87,453 and \$126,554 for the governmental and business-type activities, respectively.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE K - LONG-TERM LIABILITIES (Continued)

2. Long-Term Debt - Terms and Maturities

Alternate revenue bonds payable at April 30, 2018 are comprised of the following individual issues:

<p>\$9,755,000 general obligation tax increment refunding bonds (alternate revenue source) series 2002A, payable in annual installments ranging from \$755,000 to \$1,055,000 through December 1, 2021, with a final installment of \$1,145,000 due on June 1, 2022; interest is payable on June 1 and December 1 at 5.00%.</p>	\$ 5,045,000
<p>\$4,999,356 general obligation capital appreciation bonds (tax increment alternate revenue source) series 2002B, payable in annual installments ranging from \$1,135,000 to \$1,405,000 through December 1, 2021, with a final installment of \$1,460,000 due on June 1, 2022. Interest rates range from 5.65% to 5.95%. Interest accreted at April 30, 2018 totaled \$3,232,999.</p>	5,503,976
<p>\$5,201,610 general obligation capital appreciation (alternate revenue) bonds series 2007A, payable in one installment of \$685,000 on December 1, 2018. Interest is accreted at a rate of 4.30%. Interest accreted at April 30, 2018 totaled \$236,258. Subsequent to April 30, 2018, the bonds were repaid in full.</p>	656,464
<p>\$1,405,000 general obligation (alternate revenue) bonds series 2007B, payable in annual installments ranging from \$65,000 to \$140,000 through December 1, 2027; interest is payable on June 1 and December 1 at interest rates ranging from 4.00% to 5.00%.</p>	995,000
<p>\$810,000 general obligation (alternate revenue) bonds series 2007C, payable in annual installments ranging from \$40,000 to \$80,000 through December 1, 2027; interest is payable June 1 and December 1 at interest rates ranging from 4.00% to 5.00%.</p>	575,000
<p>\$9,500,000 general obligation bonds (alternate revenue source) series 2008, payable in annual installments ranging from \$150,000 to \$1,470,000 through December 1, 2028; interest is payable June 1 and December 1 at interest rates ranging from 5.40% to 7.25%.</p>	8,395,000
<p>\$8,000,000 general obligation tax increment bonds (alternate revenue source) series 2009, payable in annual installments ranging from \$60,000 to \$1,105,000 through December 1, 2028, with a final installment of \$985,000 due on April 1, 2029; interest is payable semiannually through April 1, 2029 at interest rates ranging from 4.30% to 7.50%.</p>	6,690,000
<p>Total alternate revenue bonds</p>	27,860,440

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE K - LONG-TERM LIABILITIES (Continued)

2. Long-Term Debt - Terms and Maturities (Continued)

General obligation bonds payable at April 30, 2018 are comprised of the following individual issue:

\$574,000 general obligation working cash bonds series 2010, payable in annual installments ranging from \$65,000 to \$70,000 through February 1, 2020; interest is payable on February 1 and August 1 at rate of 5.00%.

\$ 135,000

\$ 27,995,440

The future requirements to retire the alternate revenue and general obligation bonds outstanding, as of April 30, 2018 are as follows:

Years Ending April 30,	Principal	Interest	Total
2019	\$ 3,139,967	\$ 1,247,335	\$ 4,387,302
2020	2,534,272	1,210,480	3,744,752
2021	2,476,175	1,210,127	3,686,302
2022	2,618,527	1,225,085	3,843,612
2023	2,701,499	1,169,216	3,870,715
2024-2028	11,360,000	2,670,398	14,030,398
2029	<u>3,165,000</u>	<u>182,900</u>	<u>3,347,900</u>
	<u>\$ 27,995,440</u>	<u>\$ 8,915,541</u>	<u>\$ 36,910,981</u>

The details of the Illinois EPA loan payable as of April 30, 2018 are as follows:

Illinois Environmental Protection Agency Public Water Supply Loan, payable in semiannual installments of \$29,414 through September 18, 2034, including interest at 1.995%.

\$ 824,120

During fiscal year 2017, the State of Illinois awarded \$3,354,767 under a Build Illinois Bond Funds grant, to reduce the balance owed by the Village on the loan. Of this amount, \$3,319,107 was applied to the outstanding principal balance, and \$35,660 to interest. The future requirements to retire the outstanding loan balance, following the application of the Build Illinois Bond Funds grant, are as follows:

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE K - LONG-TERM LIABILITIES (Continued)

2. Long-Term Debt - Terms and Maturities (Continued)

Year Ending April 30,	Principal	Interest	Total
2019	\$ 42,597	\$ 16,231	\$ 58,828
2020	43,451	15,376	58,827
2021	44,322	14,505	58,827
2022	45,211	13,617	58,828
2023	46,117	12,710	58,827
2024-2028	244,831	49,305	294,136
2029-2033	270,379	23,758	294,137
2034-2035	87,212	1,028	88,240
	<u>\$ 824,120</u>	<u>\$ 146,530</u>	<u>\$ 970,650</u>

3. Bond Ordinance Compliance

In accordance with the applicable bond ordinances, the Village is required to maintain certain minimum balances in deposits with the paying agent (see Note F), for debt service and other purposes. For the year ended April 30, 2018, due to a shortfall in pledged revenues for debt service on the 2007A, 2007B, and 2007C bonds, deposits held for the purpose of making the scheduled principal and interest payments on those bonds were insufficient to meet the applicable bond ordinance coverage requirements. Accordingly, supplemental transfers were made from other revenue sources of the Village. All principal and interest maturities were paid as scheduled.

4. Revenues Pledged for Debt Service

The Village has issued alternate revenue bonded debt over several years to be paid by pledged revenue sources. These pledges will remain until all of the associated bonds are retired. The amounts of the pledges remaining, as of April 30, 2018, are as follows:

Debt Issue	Pledged Revenue Source	Pledge Remaining	Commitment End Date
2002A & 2002B	TIF revenue - LogistiCenter TIF	\$ 12,338,125	6/1/22
2007A	Impact fees/property taxes	685,000	12/1/18
2007B	911 and wireless surcharges - ETS Fund	1,285,033	12/1/27
2007C	Property taxes - Fire Protection Fund	749,450	12/1/27
2008	TIF revenue - LogistiCenter TIF	12,381,205	12/1/28
2009	TIF revenue - LogistiCenter TIF	9,326,923	4/1/29

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE K - LONG-TERM LIABILITIES (Continued)

4. Revenues Pledged for Debt Service (Continued)

The secured debt was issued to provide improvements to the tax increment financing districts and roads of the Village, upgrade the Village's 911 system, purchase a fire truck, build a new Village Hall, and reimburse a developer for TIF-related expenditures.

A comparison of the pledged revenues collected and the related principal and interest expenditure for the year ended April 30, 2018 is as follows:

<u>Debt Issue</u>	<u>Pledged Revenue Source</u>	<u>Pledged Revenues</u>	<u>Principal and Interest Retired</u>	<u>Percentage of Pledged Revenue Used</u>
2002A&B, 2008, and 2009	TIF revenue - LogistiCenter TIF	\$ 3,427,565	\$ 3,328,480	97.11%
2007A	Impact fees/property taxes	-	690,000	N/A
2007B	911/wireless surcharges - ETS Fund	-	107,690	N/A
2007C	Property taxes - Fire Protection Fund	394,247	63,900	16.21%

In accordance with the respective bond ordinances, supplemental transfers were made for debt service purposes, from other revenue sources of the Village, to provide for the shortfalls in pledged TIF revenues, impact fees, and telecommunications surcharges.

5. Capital Lease Obligations

The Village leased various computer equipment under a capital lease, which expired in November 2017. The annual lease payments, including interest at 7.475% were \$27,673. The original cost of the leased assets, \$76,722 and accumulated depreciation, \$46,032, as of April 30, 2018 are included under machinery and equipment in the governmental activities capital assets.

6. Judgment Liability

There are several pending lawsuits in which the Village is involved. The Village has accrued \$158,560, at April 30, 2018, in the governmental activities statement of net position (deficit), related to settlement payments that occurred subsequent to April 30, 2018. Management believes that all other potential claims against the Village that are not accrued at April 30, 2018 and are not covered by insurance would not have a materially adverse effect on the Village's financial position.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE K - LONG-TERM LIABILITIES (Continued)

7. Street Light Loan

During 2015, the Village entered into a loan agreement with a bank, to finance the installation of energy-efficient street lighting in the Village. The loan is due in annual installments of \$40,461 through May 1, 2019, including interest at 4.21%. The future principal and interest maturities at April 30, 2018 are as follows:

Year Ending April 30,	Principal	Interest	Total
2019	\$ 37,258	\$ 3,203	\$ 40,461
2020	38,826	1,635	40,461
	<u>\$ 76,084</u>	<u>\$ 4,838</u>	<u>\$ 80,922</u>

8. Fire Truck Loan

During 2015, the Village entered into a loan agreement with the Illinois State Fire Marshall, to finance the purchase of a new fire truck. The loan is interest-free, and requires annual payments of \$17,500 on November 1 of each year, through November 1, 2035. The future principal maturities at April 30, 2018 are as follows:

Year Ending April 30,	Principal
2019	\$ 17,500
2020	17,500
2021	17,500
2022	17,500
2023	17,500
2024-2028	87,500
2029-2033	87,500
2034-2036	52,500
	<u>\$ 315,000</u>

9. Police Vehicle Loan

During 2018, the Village entered into a loan agreement with a bank, to finance the purchase of three police vehicles. The loan is due in annual principal installments of \$16,720 through December 21, 2022, plus interest at 4.20%. The future principal and interest maturities at April 30, 2018 are as follows:

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE K - LONG-TERM LIABILITIES (Continued)

9. Police Vehicle Loan (Continued)

Year Ending April 30,	Principal	Interest	Total
2019	\$ 16,720	\$ 3,580	\$ 20,300
2020	16,720	2,864	19,584
2021	16,720	2,148	18,868
2022	16,720	1,432	18,152
2023	16,720	711	17,431
	<u>\$ 83,600</u>	<u>\$ 10,735</u>	<u>\$ 94,335</u>

NOTE L - RESTRICTIONS OF NET POSITION

The government-wide statement of net position reports net position restricted by enabling legislation, which consists of the following at April 30, 2018:

<u>Net position restricted for:</u>	<u>Amount</u>
Road improvements	\$ 225,000
Public safety	382,348
Emergency 911 services	62,191
Debt service	
Tax incremental financing	12,495,260
Other	51,780
	<u>13,216,579</u>
Total net position restricted by enabling legislation	<u>\$ 13,216,579</u>

NOTE M - FUND BALANCES RESTRICTED FOR SPECIAL REVENUE PURPOSES

The governmental funds balance sheet reports fund balances restricted for special revenue purposes, which consist of the following at April 30, 2018:

<u>Fund balance restricted for:</u>	<u>Amount</u>
Fire Protection	\$ 30,900
Emergency Telephone System	2,870
Police Seizure	51,614
Working Cash	2,365
	<u>87,749</u>
Total fund balance restricted for special revenue purposes	<u>\$ 87,749</u>

Village of Sauk Village, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE N - NONSPENDABLE FUND BALANCES - DEPOSITS WITH PAYING AGENT

The governmental funds balance sheet reports nonspendable fund balances for deposits with paying agent, which are not spendable resources. The details of those balances are as follows:

Tax incremental financing districts - Incremental tax revenues, generated by the Village's TIF districts, and collected by Cook County Treasurer/Collector, are remitted directly by the County Treasurer/Collector to accounts held in the Village's name at Amalgamated Bank of Chicago, the trustee and paying agent. Upon receipt of any incremental tax revenues, the trustee/paying agent directs the funds to the following accounts:

Bond Funds - used to accumulate amounts sufficient for payment of principal, interest and premium, if any, on the Parity Bonds and other additional bonds, if any. Amounts deposited into the Bond Funds should be used solely and only for such purposes until the bonds have been paid in full. If the amount in the Bond Funds at a specified date are less than the debt service requirements, as defined, the Trustee/Paying Agent shall replenish any deficiency by immediately withdrawing funds first from the Reserve and Redemption Fund and then the General Account. As of April 30, 2018, \$5,306,669 was held for the 2002A and 2002B bonds, \$1,171,730 was held for the 2008 bonds, and \$778,319 was held for the 2009 bonds. \$ 7,256,718

Reserve and Redemption Fund - used to hold amounts in excess of the sum of the debt service requirements, as defined, and program expenses for each bond year. Provided the ratio of the amount held in the Reserve and Redemption Fund, as of a specified date, is equal to or greater than 125% of the average annual debt service requirements or such higher amount that may be designated from time to time, the Trustee/Paying Agent may transfer any excess amount to the General Account. 3,710,752

Administrative Expense and Prior Note Fund - used to make payments for certain eligible redevelopment project costs. If, as of a specified date, the amount in the Bond Fund equals or exceeds debt service requirements, as defined, the Trustee/Paying Agent, within 10 days thereafter, shall deposit into this account annually an amount not to exceed \$250,000. 7,128

Total amounts nonspendable in relation to tax incremental financing districts 10,974,598

Nonspendable in relation to other long-term obligations:

Deposits with paying agent for debt service

Series 2007A bonds	\$ 855
Series 2010 bonds	<u>36,066</u>
Total nonspendable deposits with paying agent	<u><u>\$ 11,011,519</u></u>

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE O - DEFICIT FUND BALANCES

At April 30, 2018, the following funds have deficit fund balances:

<u>Fund</u>	<u>Deficit</u>
General	\$ (2,014,998)
Sauk Pointe Industrial Park	(181,058)
Nonmajor	
Motor Fuel Tax	(83,425)
Railroad Noise Mitigation	(102,042)
Municipal Building	(13,043)

The Village's management expects to fund these deficits through future operating revenues.

NOTE P - PENSION LIABILITIES

1. Illinois Municipal Retirement Fund

The Village participates in the Illinois Municipal Retirement Fund (IMRF) and Sheriff's Law Enforcement Personnel (SLEP), which are statewide agent multiple-employer, public employee retirement system which acts as an investment and administrative agent. The IMRF plans covers substantially all of the Village's employees other than police officers. The Village also maintains single-employer retirement plans established by state statute for the Village's firefighters and police officers.

Plan Description

The Village's defined benefit pension plans for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Village's plans are managed with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate 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.

Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

	Regular	SLEP
Retirees and beneficiaries currently receiving benefits	29	-
Inactive plan members entitled to but not yet receiving benefits	9	1
Active plan members	18	1
	56	2

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Contributions

As set by statute, the Village's Plan Members are required to contribute 4.5% and 7.5% of their annual covered salary for the Regular Plan and the SLEP Plan, respectively. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2017 was 13.66% and 11.45% for the Regular Plan and the SLEP Plan, respectively. For the fiscal year ended April 30, 2018 the Village contributed \$157,943 and \$12,871 to the Regular Plan and the SLEP Plan, respectively. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Asset

The Village's IMRF net pension asset was measured as of December 31, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Mortality

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

Long-term Expected Rate of Return

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:

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	37%	6.85%
International equity	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternative investments	7%	2.65% - 7.35%
Cash equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% for the Regular Plan and the SLEP Plan, was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- a. 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
- b. 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 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50% for the Regular Plan and the SLEP Plan.

Changes in Net Pension Liability (Asset)

The following tables show the components of the change in the Village's net pension liability (asset), for the calendar year ended December 31, 2017:

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

<i>Regular Plan</i>	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability (Asset) <u>(A) - (B) *</u>
Balances at December 31, 2016	\$ 8,754,777	\$ 7,942,746	\$ 812,031
Changes for the year:			
Service cost	124,851	-	124,851
Interest on the total pension liability	642,935	-	642,935
Difference between expected and actual experience of the total pension liability	(96,086)	-	(96,086)
Changes of assumptions	(281,637)	-	(281,637)
Contributions - Employer	-	157,943	(157,943)
Contributions - Employees	-	58,127	(58,127)
Net Investment Income	-	1,477,299	(1,477,299)
Benefit payments, including refunds of employee contributions	(489,501)	(489,501)	-
Other (net transfer)	-	(262,182)	262,182
Net changes	<u>(99,438)</u>	<u>941,686</u>	<u>(1,041,124)</u>
Balances at December 31, 2017	<u>\$ 8,655,339</u>	<u>\$ 8,884,432</u>	<u>\$ (229,093)</u>

* The net pension liability (asset) is allocated between the Governmental and Business Type activities based upon covered payroll within the respective activities.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Liability (Continued)

<i>SLEP</i>	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B) *
Balances at December 31, 2016	\$ 189,105	\$ 161,061	\$ 28,044
Changes for the year:			
Service cost	17,555	-	17,555
Interest on the total pension liability	14,841	-	14,841
Difference between expected and actual experience of the total pension liability	2,279	-	2,279
Changes of assumptions	(6,532)	-	(6,532)
Contributions - Employer	-	12,871	(12,871)
Contributions - Employees	-	8,431	(8,431)
Net Investment Income	-	22,709	(22,709)
Benefit payments, including refunds of employee contributions	-	-	-
Other (net transfer)	-	(2,910)	2,910
Net changes	<u>28,143</u>	<u>41,101</u>	<u>(12,958)</u>
Balances at December 31, 2017	<u>\$ 217,248</u>	<u>\$ 202,162</u>	<u>\$ 15,086</u>

* The net pension liability is allocated between the Governmental and Business Type activities based upon covered payroll within the respective activities.

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

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.50% for the Regular Plan and the SLEP Plan, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
Regular Plan net pension liability (asset) \$	<u>786,521</u>	<u>(229,093)</u>	<u>(1,074,693)</u>

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

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

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
SLEP Plan net pension liability (asset) \$	41,076	\$ 15,086	\$ (6,799)

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

For the year ended April 30, 2018, the Village recognized pension expense of \$90,091 and \$15,862 for the Regular Plan and the SLEP Plan, respectively. At April 30, 2018, the Village reported deferred inflows of resources related to pensions from the following sources:

	Regular Plan		SLEP	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods				
Differences between expected and actual experience	\$ -	\$ (152,552)	\$ 4,963	\$ -
Change of assumptions	-	(198,553)	-	(5,491)
Net difference between projected and actual earnings on pension plan investments	243,208	(721,343)	4,351	(7,952)
Total amounts to be recognized in pension expense in the future periods	243,208	(1,072,448)	9,314	(13,443)
Pension contributions made subsequent to the measurement date	55,110	-	4,285	-
Total deferred amounts related to pensions	\$ 298,318	\$ (1,072,448)	\$ 13,599	\$ (13,443)

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

1. Illinois Municipal Retirement Fund (Continued)

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

The Village reported \$59,395 as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability (increase in the net pension asset) in the reporting year ending April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended April, 30	Net Deferred Outflows (Inflows)	
	Regular Plan	SLEP
2019	\$ (265,853)	\$ 327
2020	(180,880)	216
2021	(202,170)	(2,684)
2022	(180,337)	(1,988)
2023	-	-
Thereafter	-	-
Total	\$ (829,240)	\$ (4,129)

The Village also reported deferred outflows and (inflows) of resources related to pensions resulting from changes in proportion. Such amounts reported in the Statement of Net Position (Deficit) for the Governmental Activities and Business-Type Activities amounted to (\$50,644) and \$50,644, respectively. Amounts reported in the Statement of Net Position - Proprietary Funds for the Waterworks Fund and Sewerage Fund totaled \$18,967 and \$31,677,

2. Firefighters' Pension Plan

Plan Description

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn fire 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 plan as a pension trust fund. The plan is governed by a five member Board of Trustees. Two members of the Board are appointed by the Village's Mayor, one member is elected by pension beneficiaries, and two members are elected by active fire employees.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

2. Firefighters' Pension Plan (Continued)

Plan Description (Continued)

The Plan is not included in the report of a public retirement system or another entity. Separate reports are issued for the Firefighters' Pension Plan and may be obtained by writing to Sauk Village at 21801 Torrence Avenue, Sauk Village, Illinois 60411.

Basis of Accounting

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions to net position are recorded when earned and deductions from net position are recorded when the time related liabilities/deferred inflows are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Firefighters' Pension Fund investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market, if any, are reported at estimated fair value.

During the course of operations, numerous transactions occur between individual funds of the Village for goods provided or services rendered. These receivables that relate to the Firefighters' Pension Fund are classified as "Due from Village" on the statement of net position.

Benefits Provided

The following is a summary of the Firefighters' Pension Plan as provided 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 ½ 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% compounded annually thereafter.

Village of Sauk Village, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

2. Firefighters' Pension Plan (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 one half 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., 1/2, percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the Firefighters' office 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 one half of the change in the Consumer Price Index for the proceeding calendar year.

Plan Membership

At April 30, 2018, the Firefighters' Pension Plan membership consisted of the following:

Inactive plan members currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	-
	-
Total plan membership	2
	2

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 percent of the past service cost by the year 2040. For the year ended April 30, 2018, the Village has no active members, resulting in \$0 of covered payroll.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

2. Firefighters' Pension Plan (Continued)

Net Pension Liability

The Village's firefighters' fund net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2017.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of May 1, 2017, using the following actuarial methods and assumptions.

Actuarial valuation date	May 1, 2017
Asset valuation method	Market Value

Assumptions

Investment rate of return	3.00%
Salary increases	0.00%
Inflation	2.50%

Mortality

Active Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Retiree Mortality follows the L&A Assumption Study for Firefighters 2016. These rates are experience weighted with the raw rates as developed in the RP-2014 Study, with Blue Collar Adjustment and improved generationally using MP-2016 improvement rates. Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 improvement rates. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 improvement rates.

Marital Status	80% Married
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Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

2. Firefighters' Pension Plan (Continued)

Single Discount Rate

A Single Discount Rate of 3.97% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

Funding Policy

The Village funds its contributions to the Firefighters' Pension Plan through an annual tax levy. The levy amount is actuarially determined as the annual contribution necessary to fund the normal costs, plus the amount to amortize the unfunded accrued liability.

Administrative Costs

The Firefighters' Pension Plan's administrative costs are part of the budget prepared annually and the actual costs are paid out of the revenues received.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

2. Firefighters' Pension Plan (Continued)

Changes in Net Pension Liability

The following table shows the components of the change in the Village's net pension liability for the year ended April 30, 2018.

	Total Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at April 30, 2017	\$ 1,294,728	\$ 59,612	\$ 1,235,116
Changes for the year:			
Interest on the total pension liability	63,891	-	63,891
Difference between expected and actual experience of the total pension liability	(257,284)	-	(257,284)
Changes of assumptions	182,771	-	182,771
Contributions - employer	-	60,779	(60,779)
Contributions - employees	-	-	-
Net investment income (loss)	-	176	(176)
Benefit payment, including refunds of member contributions	(40,441)	(40,441)	-
Administrative expense and other	-	(11,357)	11,357
Net changes	<u>(51,063)</u>	<u>9,157</u>	<u>(60,220)</u>
Balances at April 30, 2018	<u>\$ 1,243,665</u>	<u>\$ 68,769</u>	<u>\$ 1,174,896</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 3.97%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability	\$ 1,441,728	\$ 1,174,896	\$ 971,980
	<u> </u>	<u> </u>	<u> </u>

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

2. Firefighters' Pension Plan (Continued)

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

For the year ended April 30, 2018 the Village recognized pension expense (income) of (\$37,475). At April 30, 2018, the Village reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>4,347</u>	<u>1,131</u>
Total deferred amounts related to Firefighters' Pension	<u>\$ 4,347</u>	<u>\$ 1,131</u>

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

<u>Year Ended April 30,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 676
2020	677
2021	1,242
2022	621
2023	-
Thereafter	<u>-</u>
	<u>\$ 3,216</u>

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

3. Police Pension Plan

Plan Description

The Police Pension Plan is a single-employer defined pension plan that is administered by the Police Pension Fund's Board of Trustees. The Police Pension Plan provides pensions for the qualified police employees of the Village of Sauk Village, Illinois. The Police Pension Fund Board of Trustees consists of five members. Two members of the Board shall be appointed by the mayor; one member of the Board shall be elected by and from among the beneficiaries of the fund, if any; and two members of the Board shall be elected from the regular police force by the full time members thereof, provided that neither of the members so elected need be residents of the Village.

The defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (Chapter 40ILCS 5 I Article 3) and may be amended only by the Illinois legislature.

The Police Pension Plan issues its own financial report and required supplementary information. That report may be obtained by writing to the Village of Sauk Village, 21801 Torrence Avenue, Sauk Village, Illinois 60411.

Basis of Accounting

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions to net position are recorded when earned and deductions from net position are recorded when the time related liabilities/deferred inflows are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Police Pension Fund investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market, if any, are reported at estimated fair value.

During the course of operations, numerous transactions occur between individual funds of the Village for goods provided or services rendered. These receivables that relate to the Police Pension Fund are classified as "Due from Village" on the statement of net position.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

3. Police Pension Plan (Continued)

Benefits Provided

The following is a summary of the Police Pension Plan as provided in Illinois State Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier I employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half 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 pension 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.

Tier II employees (those hired on or after January 1, 2011), 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. In 2018, a police officer's salary for the pension purposes is capped at \$115,481. The cap is adjusted annually by the lesser of one-half 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., one-half percent for each month under 55). The monthly benefit of a Tier II police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or one-half of the change in the Consumer Price Index for the proceeding calendar year.

Plan Membership

As of April 30, 2018, the Police Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	15
Active employees	20
	<hr/>
	49
	<hr/> <hr/>

Village of Sauk Village, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

3. Police Pension Plan (Continued)

Contributions

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91 percent 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 amount necessary to finance the Police Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90 percent of the past service cost for the Police Pension Plan. For the year ended April 30, 2018, the Village's contribution was 15.96 percent of covered payroll.

Net Pension Liability

The Village's net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of April 30, 2018, using the following actuarial methods and assumptions.

Actuarial cost method	Entry age normal cost
Asset valuation method	Market value of assets
Amortization method	Closed level percentage of payroll amortization of 90% of the unfunded actuarial accrued liability using a 5.00% payroll growth assumption over the period ending on April 30, 2041 (23-year amortization in 2018).
Assumptions	
Discount rate	6.75%
Investment rate of return	6.75%
Salary increases	5.00%
Inflation	2.50%
Ad-hoc cost-of-living increases	3.00% (1.25% for those hired on or after January 1, 2011)

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

3. Police Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality	RP 2014 Mortality Table with a blue collar adjustment, with improvement scale MP-2017 applied from 2006 to 2018. 10% of deaths are assumed to be in the line of duty.
Retirement rates	Recommended rates from the 2017 Illinois Division of Insurance (IDOI) experience study.
Disability rates	Recommended rates from the 2017 IDOI experience study. 60% of disabilities are assumed to be in the line of duty.
Termination rates	Recommended rates from the 2017 IDOI experience study.
Marital status and ages	80% of participants are assumed to be married with female spouses 3 years younger.
Expense load	Equal to the administrative expenses paid in the prior year

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 by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

3. Police Pension Plan (Continued)

Actuarial Assumptions (Continued)

Asset Class	Allocation	Long-Term Expected Real Rate of Return
State, local, and corporate obligations	5.00 %	2.50 %
agency obligations	48.00	2.50
Common stocks	11.00	5.50
Mutual funds	32.00	5.50
Cash	4.00	-
	100.00 %	

Single Discount Rate

A Single Discount Rate of 6.75% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the Police Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in Net Pension Liability

The following table shows the components of the change in the Village's net pension liability for the year ended April 30, 2018.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

3. Police Pension Plan (Continued)

Changes in Net Pension Liability (Continued)

	Total Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at April 30, 2017	\$ 15,290,647	\$ 5,432,539	\$ 9,858,108
Changes for the year:			
Service cost	355,225	-	355,225
Interest on the total pension liability	1,036,048	-	1,036,048
Difference between expected and actual experience of the total pension liability	(332,418)	-	(332,418)
Changes of assumptions	73,895	-	73,895
Contributions - employer	-	242,182	(242,182)
Net investment income	-	255,797	(255,797)
Other	-	15,000	(15,000)
Benefit payment, including refunds of employee contributions	(594,039)	(594,039)	-
Administrative expense	-	(18,679)	18,679
Net changes	<u>538,711</u>	<u>37,654</u>	<u>501,057</u>
Balances at April 30, 2018	<u>\$ 15,829,358</u>	<u>\$ 5,470,193</u>	<u>\$ 10,359,165</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Net pension liability	\$ <u>12,893,667</u>	\$ <u>10,359,165</u>	\$ <u>8,319,506</u>

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

3. Police Pension Plan (Continued)

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

For the year ended April 30, 2018 the Village recognized pension expense of \$844,458. At April 30, 2018, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	\$ 110,065	\$ 265,934
Change in assumptions	59,116	326,882
Net difference between projected and actual earnings on pension plan investments	<u>100,414</u>	<u>-</u>
Total deferred amounts related to Police Pension	<u>\$ 269,595</u>	<u>\$ 592,816</u>

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

<u>Year Ended April 30,</u>	<u>Net Deferred Inflows of Resources</u>
2019	\$ (69,273)
2020	(69,273)
2021	(69,275)
2022	(79,267)
2023	(36,133)
Thereafter	<u>-</u>
Total	<u>\$ (323,221)</u>

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE P - PENSION LIABILITIES (Continued)

4. Summary of Pension Items

Below is a summary of the various pension items:

	<u>IMRF</u>	<u>Firefighters'</u>	<u>Police</u>	<u>Total</u>
Net pension asset	\$ 214,007	\$ -	\$ -	\$ 214,007
Deferred outflows of resources:				
Employer contributions	\$ 59,395	\$ -	\$ -	\$ 59,395
Experience	4,963	-	110,065	115,028
Assumptions	-	-	59,116	59,116
Proportionate share	50,644	-	-	50,644
Investments	247,559	4,347	100,414	352,320
	<u>\$ 362,561</u>	<u>\$ 4,347</u>	<u>\$ 269,595</u>	<u>\$ 636,503</u>
Net pension liability	<u>\$ -</u>	<u>\$ 1,174,896</u>	<u>\$ 10,359,165</u>	<u>\$ 11,534,061</u>
Deferred inflows of resources:				
Experience	\$ 152,552	\$ -	\$ 265,934	\$ 418,486
Assumptions	204,044	-	326,882	530,926
Proportionate share	50,644	-	-	50,644
Investments	729,295	1,131	-	730,426
	<u>\$ 1,136,535</u>	<u>\$ 1,131</u>	<u>\$ 592,816</u>	<u>\$ 1,730,482</u>

Below is a reconciliation of the summary of the various pension items to the amounts reported in the government-wide financial statements:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Net pension asset - IMRF	\$ 87,453	\$ 126,554	\$ 214,007
Deferred outflows of resources	401,406	235,097	636,503
Net pension liability	11,534,061	-	11,534,061
Deferred inflows of resources	1,088,337	642,145	1,730,482

Village of Sauk Village, Illinois
 NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE Q - OTHER POSTEMPLOYMENT BENEFITS

1. Plan Description

The Village Board provides postretirement health insurance benefits, as per the requirements of a local ordinance, for all employees who retire from the Village on or after attaining age 55 (age 50 for police officers) with at least 10 years of service, until the retiree reaches the age of 65.

As of May 1, 2015, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Actives	38
Retirees	10
	48

For regular employees who began full-time employment prior to May 14, 1991, and police officers who began full-time employment prior to October 15, 1999, the Village pays the following percentage of the monthly premium, based on the number of years of service, until the retiree becomes eligible for Medicare:

10 to 15 years	50%
15 to 20 years	75%
20 years or more	100%

For regular employees who began full-time employment on or after May 14, 1991, and police officers who began full-time employment on or after October 15, 1999, the Village pays the following percentage of the monthly premium, based on the number of years of service, until the retiree becomes eligible for Medicare:

Length of Service	Premiums Paid by Village
10 to 20 years	0%
20 to 25 years	50%
25 to 30 years	75%
30 years or more	100%

2. Funding Policy

The contribution requirements of the plan members and the Village are established and may be amended by the Village Board and are detailed in the "Plan Document". The required contribution is based on projected pay-as-you-go financing requirements. For the year ended April 30, 2018, the Village contributed \$147,905 to the Plan. Plan members receiving benefits were not required to make any contributions during the same period.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE Q - OTHER POSTEMPLOYMENT BENEFITS (Continued)

3. Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's estimated annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's estimated net OPEB obligation to the retiree health plan:

Annual required contribution	\$ 249,863
Interest on net OPEB obligation	41,815
Adjustment to annual required contribution	<u>(34,845)</u>
Annual OPEB cost	256,833
Contributions made	<u>147,905</u>
Increase in net OPEB obligation	108,928
Net OPEB obligation, May 1, 2017	<u>1,045,364</u>
Net OPEB obligation, April 30, 2018	<u><u>\$ 1,154,292</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended April 30, 2018 and the two preceding fiscal years were as follows:

Period Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2018	\$ 256,833	57.6%	\$ 1,154,292
4/30/2017	286,142	51.6%	1,045,364
4/30/2016	255,193	57.9%	906,968

4. Funding Status and Funding Progress

As of May 1, 2015 (the most recent actuarial valuation date), the Plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,694,273, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,694,273.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE Q - OTHER POSTEMPLOYMENT BENEFITS (Continued)

4. Funding Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past

5. Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Contribution rates:	
Village	N/A
Plan members	0.00%
Actuarial valuation date	May 1, 2015
Actuarial cost method	Projected unit credit normal cost
Remaining amortization period	30 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	N/A
Discount rate*	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	6.70% initial
Mortality, Turnover, Disability, Retirement Ages	Same rate utilized for IMRF, Police and Firefighter Pension Funds

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE Q - OTHER POSTEMPLOYMENT BENEFITS (Continued)

5. Methods and Assumptions (Continued)

Percentage of active employees assumed to elect benefit	100%
Employer provided benefit	Retired employees receive a monthly Village contribution amount towards health, dental, and life insurance coverages. The benefit terminates when a retiree reaches age 65. The percentage of the monthly premiums paid by the Village range from 0% to 100% depending on years of service and date of employment.

*Includes inflation at 2.50%

NOTE R - COMMITMENTS AND CONTINGENCIES

1. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the 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.

2. Contractual Commitments

During fiscal year 2016, the Village entered into an intergovernmental agreement with the Village of Calumet Park, Illinois, for the provision of dispatching services to the Village, from July 1, 2015 through June 30, 2018. The agreement automatically renews for successive one year periods, unless the Village gives written notice of its intent to terminate the agreement no later than 180 days before the expiration of the term. In consideration for the services, the Village agreed to pay a monthly sum of \$23,750 from October 2015 through June 2018. On June 30, 2018 the agreement was automatically renewed for an additional one year term. Annual increases not to exceed 3.5% shall be passed on to the Village in the event cost increases of the services provided.

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE R - COMMITMENTS AND CONTINGENCIES (Continued)

2. Contractual Commitments (Continued)

During fiscal year 2017, the Village entered into a service contract, expiring in March 2030, with a refuse disposal company. The contract provides for an early termination fee should the Village terminate the contract prior to March 2030. The early termination fee amount is dependent upon the length of time remaining on the original contract term. The fee was approximately \$390,000 as of October 2016, at inception of the contract, and is reduced monthly on a straightline basis through March 2030.

NOTE S - RESTATEMENTS

Prior to May 1, 2017, the Village recorded various interfund transfers incorrectly, in effect recording them as interfund loans within certain commingled cash accounts, advances to other funds (assets), and advances from other funds (liabilities). These errors resulted in a misstatement of the balances of cash, advances to other funds, advances from other funds, and fund balance (deficit) as of May 1, 2017, in the General Fund, Debt Service Fund, and the LogistiCenter at Sauk Village Fund. The Village has corrected these errors through restatements of the beginning fund balances (deficit) of these funds, as of May 1, 2017. The effects of these corrections are listed in the table below:

	As of May 1, 2017		
	As Corrected	As Originally Reported	Difference
<u>General Fund</u>			
Advances from other funds	\$ 3,273,364	\$ 3,192,870	\$ 80,494
Fund deficit	(1,839,567)	(1,759,073)	(80,494)
<u>Debt Service Fund</u>			
Cash	-	1,555,718	(1,555,718)
Fund balance	9,300,141	10,855,859	(1,555,718)
<u>LogistiCenter at Sauk Village Fund</u>			
Advances to other funds	205,624	205,582	42
Advances from other funds	-	1,636,170	(1,636,170)
Fund balance	2,029,967	393,755	1,636,212

Village of Sauk Village, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE T - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 14, 2019, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than as described below in Note A-12 and Note K-2, have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

1. Authorized but Unissued General Obligation Bonds

On November 27, 2018, the Board of Trustees approved an ordinance authorizing the issuance of General Obligation Bonds (Alternate Revenue Source) Series 2018, in an aggregate principal amount not to exceed \$2,500,000 to finance the costs of certain capital projects.

On November 27, 2018, the Board of Trustees also approved an ordinance authorizing the issuance of General Obligation Refunding Bonds, Series 2018B, in an aggregate principal amount not to exceed \$4,500,000 for the purpose of refunding \$4,145,000 in General Obligation Tax Increment Refunding Bonds, Series 2002A.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Village of Sauk Village, Illinois

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

Illinois Municipal Retirement Fund - Regular Plan

April 30, 2018

Calendar year ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 124,851	\$ 118,994	\$ 154,860
Interest on the total pension liability	642,935	630,513	644,127
Difference between expected and actual experience of the total pension liability	(96,086)	(64,531)	(373,572)
Assumption changes	(281,637)	(10,158)	-
Benefit payments and refunds	<u>(489,501)</u>	<u>(557,263)</u>	<u>(621,188)</u>
Net change in total pension liability	(99,438)	117,555	(195,773)
Total pension liability, beginning	<u>8,754,777</u>	<u>8,637,222</u>	<u>8,832,995</u>
Total pension liability, ending	<u>\$ 8,655,339</u>	<u>\$ 8,754,777</u>	<u>\$ 8,637,222</u>
 Plan fiduciary net position			
Contributions, employer	\$ 157,943	\$ 151,489	\$ 160,519
Contributions, employees	58,127	49,651	53,546
Net investment income	1,477,299	533,284	39,597
Benefit payments, including refunds of employee contributions	(489,501)	(557,263)	(621,188)
Other (net transfer)	<u>(262,182)</u>	<u>4,066</u>	<u>6,110</u>
Net change in plan fiduciary net position	941,686	181,227	(361,416)
Plan fiduciary net position, beginning	<u>7,942,746</u>	<u>7,761,519</u>	<u>8,122,935</u>
Plan fiduciary net position, ending	<u>\$ 8,884,432</u>	<u>\$ 7,942,746</u>	<u>\$ 7,761,519</u>
 Net pension liability (asset)	<u>\$ (229,093)</u>	<u>\$ 812,031</u>	<u>\$ 875,703</u>
 Plan fiduciary net position as a percentage of the total pension liability	102.65 %	90.72 %	89.86 %
 Covered Valuation Payroll	\$ 1,156,248	\$ 1,103,342	\$ 1,189,912
 Net pension liability (asset) as a percentage of covered valuation payroll	(19.81) %	73.60 %	73.59 %

Note: The Village implemented GASB 68 beginning with its fiscal year ended April 30, 2016, therefore 10 years of information is not available.

Village of Sauk Village, Illinois
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Illinois Municipal Retirement Fund - SLEP
April 30, 2018

Calendar year ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 17,555	\$ 17,165	\$ 15,085
Interest on the total pension liability	14,841	12,130	9,825
Difference between expected and actual experience of the total pension liability	2,279	6,689	4,939
Assumption changes	(6,532)	(1,334)	1,155
Benefit payments and refunds	-	-	-
Net change in total pension liability	<u>28,143</u>	<u>34,650</u>	<u>31,004</u>
Total pension liability, beginning	189,105	154,455	123,451
Total pension liability, ending	<u>\$ 217,248</u>	<u>\$ 189,105</u>	<u>\$ 154,455</u>
Plan fiduciary net position			
Contributions, employer	\$ 12,871	\$ 14,018	\$ 3,870
Contributions, employees	8,431	7,875	2,120
Net investment income	22,709	9,364	660
Benefit payments, including refunds of employee contributions	-	-	-
Other (net transfer)	<u>(2,910)</u>	<u>(647)</u>	<u>(5,254)</u>
Net change in plan fiduciary net position	41,101	30,610	1,396
Plan fiduciary net position, beginning	161,061	130,451	129,055
Plan fiduciary net position, ending	<u>\$ 202,162</u>	<u>\$ 161,061</u>	<u>\$ 130,451</u>
Net pension liability	<u>\$ 15,086</u>	<u>\$ 28,044</u>	<u>\$ 24,004</u>
Plan fiduciary net position as a percentage of the total pension liability	93.06 %	85.17 %	84.46 %
Covered Valuation Payroll	\$ 112,408	\$ 105,000	\$ 28,269
Net pension liability as a percentage of covered valuation payroll	13.42 %	26.71 %	84.91 %

Note: The Village implemented GASB 68 beginning with its fiscal year ended April 30, 2016, therefore 10 years of information is not available.

Village of Sauk Village, Illinois
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
April 30, 2018

Regular Plan

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2017	\$ 157,943	\$ 157,943	\$ -	\$ 1,156,248	13.66 %
2016	151,489	151,489	-	1,103,342	13.73
2015	160,519	160,519	-	1,189,912	13.49

Sheriff's Law Enforcement Personnel (SLEP)

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2017	\$ 12,871	\$ 12,871	\$ -	\$ 112,408	11.45 %
2016	14,018	14,018	-	105,000	13.35
2015	3,870	3,870	-	28,269	13.69

Note: The Village implemented GASB 68 beginning with its fiscal year ended April 30, 2016, therefore 10 years of information is not available.

Village of Sauk Village, Illinois
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
Illinois Municipal Retirement Fund
April 30, 2018

Valuation Date:

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

Methods and Assumptions Used to Determine the 2017 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 26-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 calculation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

Village of Sauk Village, Illinois
 Firefighters' Pension Fund
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
April 30, 2018

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2018	\$ 87,352	\$ 60,779	\$ (26,573)	-	N/A %
2017	78,378	10,508	(67,870)	-	N/A
2016	9,636	10,875	1,239	-	N/A
2015	33,416	10,118	(23,298)	-	N/A

Notes to the Schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Asset valuation method	Market Value
Inflation	2.5%
Salary increases	0.0%
Investment rate of return	3.0%
Retirement age	Capped at 65
Mortality	<p>Active Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.</p> <p>Retiree Mortality follows the L&A Assumption Study for Firefighters 2016. These rates are experience weighted with the raw rates as developed in the RP-2014 Study, with Blue Collar Adjustment and improved generationally using MP-2016 improvement rates.</p> <p>Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 improvement rates.</p> <p>Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 improvement rates.</p>

Note: The Firefighters' Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Sauk Village, Illinois

Firefighters' Pension Fund

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

April 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest on the total pension liability	63,891	65,052	61,760	14,875
Benefit changes	-	-	-	-
Difference between expected and actual experience of the total pension liability	(257,284)	(15,002)	(17,484)	912,783
Assumption changes	182,771	(34,480)	63,671	53,953
Benefit payments and refunds	(40,441)	(43,759)	(40,441)	(47,381)
Net change in total pension liability	(51,063)	(28,189)	67,506	934,230
Total pension liability, beginning	1,294,728	1,322,917	1,255,411	321,181
Total pension liability, ending	<u>\$ 1,243,665</u>	<u>\$ 1,294,728</u>	<u>\$ 1,322,917</u>	<u>\$ 1,255,411</u>
Plan fiduciary net position				
Contributions, employer	\$ 60,779	\$ 10,508	\$ 10,875	\$ 10,118
Contributions, employees	-	-	-	-
Net investment income	176	2,709	7,911	3,357
Benefit payments, including refunds of employee contributions	(40,441)	(43,759)	(40,441)	(47,381)
Administrative expense	(11,357)	-	(9,203)	(16,059)
Net change in plan fiduciary net position	9,157	(30,542)	(30,858)	(49,965)
Plan fiduciary net position, beginning	59,612	90,154	121,012	170,977
Plan fiduciary net position, ending	<u>\$ 68,769</u>	<u>\$ 59,612</u>	<u>\$ 90,154</u>	<u>\$ 121,012</u>
Net pension liability	<u>\$ 1,174,896</u>	<u>\$ 1,235,116</u>	<u>\$ 1,232,763</u>	<u>\$ 1,134,399</u>
Plan fiduciary net position as a percentage of the total pension liability	5.53 %	4.60 %	6.81 %	9.64 %
Covered Valuation Payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered valuation payroll	N/A	N/A	N/A %	N/A %

Note: The Firefighters' Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Sauk Village, Illinois
Firefighters' Pension Fund
MULTIYEAR SCHEDULE OF INVESTMENT RETURNS
April 30, 2018

<u>Fiscal Year</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2018	(0.14%)
2017	0.90%
2016	7.78%
2015	1.58%

Note: The Firefighters' Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Sauk Village, Illinois
 Police Pension Fund
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
April 30, 2018

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2018	\$ 717,440	\$ 242,182	\$ (475,258)	\$ 1,517,495	15.96 %
2017	658,646	196,548	(462,098)	1,472,212	13.35
2016	645,657	193,171	(452,486)	1,413,545	13.67
2015	645,657	186,532	(459,125)	1,458,307	12.79

Notes to the Schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Remaining amortization period	23 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	6.75% net of administrative expenses
Retirement age	50-70
Mortality	RP 2014 projected to 2018. 10% of deaths are expected to be in the line of duty.
Marital status	80% of participants are assumed to be married.

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Sauk Village, Illinois

Police Pension Fund

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

April 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ 355,225	\$ 401,564	\$ 398,595	\$ 484,011
Interest on the total pension liability	1,036,048	979,099	929,999	850,727
Difference between expected and actual experience of the total pension liability	(332,418)	155,925	(1,036,326)	447,822
Assumption changes	73,895	(463,084)	988,079	-
Benefit payments and refunds	<u>(594,039)</u>	<u>(576,054)</u>	<u>(529,838)</u>	<u>(686,461)</u>
Net change in total pension liability	538,711	497,450	750,509	1,096,099
Total pension liability, beginning	<u>15,290,647</u>	<u>14,793,197</u>	<u>14,042,688</u>	<u>12,946,589</u>
Total pension liability, ending	<u>\$ 15,829,358</u>	<u>\$ 15,290,647</u>	<u>\$ 14,793,197</u>	<u>\$ 14,042,688</u>
Plan fiduciary net position				
Contributions, employer	\$ 242,182	\$ 196,548	\$ 193,171	\$ 186,532
Contributions, employee and other	152,393	154,763	141,687	154,297
Net investment income	255,797	304,862	(26,198)	235,980
Benefit payments, including refunds of employee contributions	(594,039)	(576,054)	(529,838)	(686,461)
Administrative expense	(18,679)	(33,822)	(51,475)	-
Other (net transfer)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,180)</u>
Net change in plan fiduciary net position	37,654	46,297	(272,653)	(145,832)
Plan fiduciary net position, beginning	<u>5,432,539</u>	<u>5,386,242</u>	<u>5,658,895</u>	<u>5,804,727</u>
Plan fiduciary net position, ending	<u>\$ 5,470,193</u>	<u>\$ 5,432,539</u>	<u>\$ 5,386,242</u>	<u>\$ 5,658,895</u>
Net pension liability	<u>\$ 10,359,165</u>	<u>\$ 9,858,108</u>	<u>\$ 9,406,955</u>	<u>\$ 8,383,793</u>
Plan fiduciary net position as a percentage of the total pension liability	34.56 %	35.53 %	36.41 %	40.30 %
Covered Valuation Payroll	\$ 1,517,495	\$ 1,472,212	\$ 1,413,545	\$ 1,458,307
Net pension liability as a percentage of covered valuation payroll	682.65	669.61 %	665.49 %	574.90 %

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Sauk Village, Illinois
Police Pension Fund
MULTIYEAR SCHEDULE OF INVESTMENT RETURNS
April 30, 2018

<u>Fiscal Year</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2018	5.56%
2017	6.11%
2016	-0.17%
2015	4.66%

Note: The Police Pension Fund implemented GASB 67 beginning with its fiscal year ended April 30, 2015; therefore, 10 years of information is not available.

Village of Sauk Village, Illinois
 Other Postemployment Benefits
 SCHEDULE OF FUNDING PROGRESS
April 30, 2018

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/1/15	\$ N/A	\$ 2,694,273	\$ 2,694,273	0.0 %	\$ N/A	N/A %
10/31/12	N/A	2,445,957	2,445,957	0.0	N/A	N/A
10/31/10	N/A	2,823,887	2,823,887	0.0	N/A	N/A

N/A - Not Available

Actuarial valuations are required to be performed triennially. The information presented above is the most recent available.

Village of Sauk Village, Illinois
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND DEFICIT - BUDGET AND ACTUAL
For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Property taxes	\$ 2,782,336	\$ 2,403,612	\$ (378,724)
Licenses and permits	279,000	245,266	(33,734)
Charges for services	661,700	721,649	59,949
Intergovernmental	1,832,519	1,810,223	(22,296)
Fines and forfeitures	290,000	234,250	(55,750)
Interest	200	2,875	2,675
Contributions and donations	1,000	-	(1,000)
Impact fees	250,000	-	(250,000)
Miscellaneous	207,900	36,075	(171,825)
Total revenues	<u>6,304,655</u>	<u>5,453,950</u>	<u>(850,705)</u>
Expenditures			
Current			
General government	1,935,753	1,957,812	22,059
Public safety	3,513,300	3,380,973	(132,327)
Public works	253,587	143,163	(110,424)
Debt service			
Principal	-	18,531	18,531
Interest	-	9,518	9,518
Capital outlay	14,000	39,984	25,984
Total expenditures	<u>5,716,640</u>	<u>5,549,981</u>	<u>(166,659)</u>
Excess (deficiency) of revenues over expenditures	<u>588,015</u>	<u>(96,031)</u>	<u>(684,046)</u>
Other financing sources (uses)			
Proceeds from debt issuance	-	83,600	83,600
Transfers in	690,000	530,000	(160,000)
Transfers out	(738,044)	(693,000)	45,044
Total other financing sources (uses)	<u>(48,044)</u>	<u>(79,400)</u>	<u>(31,356)</u>
Net change in fund balance	<u>\$ 539,971</u>	<u>(175,431)</u>	<u>\$ (715,402)</u>
Fund deficit			
Beginning of year, as restated (Note S)		<u>(1,839,567)</u>	
End of year		<u>\$ (2,014,998)</u>	

Village of Sauk Village, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2018

NOTE A - BUDGETARY DATA

The Village prepares its appropriation ordinance in accordance with generally accepted accounting principles. Appropriations were adopted for the General Fund, Debt Service Fund, LogistiCenter at Sauk Village Fund, Waterworks Fund, Sewerage Fund, Fire Protection Fund, Motor Fuel Tax Fund, Emergency Telephone System Fund, Police Seizure Fund, Working Cash Fund, Utility Tax Fund, Community Development Block Grant Fund, Railroad Noise Mitigation Fund, Sauk Pointe Industrial Park Fund, and the SurreyBrook Plaza Fund. Annual appropriations lapse at year-end. The Village did not prepare an appropriation for fiscal year 2017 for the Municipal Building Fund or the Sauk Plaza Redevelopment Plan Fund.

1. Within ninety days of the start of the fiscal period, the annual appropriation ordinance is presented for adoption by the Village Board. This ordinance appropriates such sums of money as are deemed necessary to defray all necessary expenses and liabilities of the Village. The ordinance also specifies the objects and purposes for which these appropriations are made and the amount appropriated for each.
2. Prior to the adoption of the appropriation ordinance, the Village makes the proposed ordinance conveniently available to public inspection and holds at least one public hearing subsequent to published notice.
3. Subsequent to the public hearing and before final action is taken on the appropriation ordinance, the Village Board may revise, alter, increase, or decrease the items contained therein.
4. Final action to adopt the appropriation, for the year ended April 30, 2018, was taken by the Village Board on July 25, 2017.
5. The Board may subsequently transfer appropriated amounts to other appropriations, but may not increase overall appropriation of an individual fund without the passage of a supplemental appropriation.
6. The legal level of budgetary control is at the fund level.

NOTE B - EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds had an excess of expenditures/expenses over appropriations for the year ended April 30, 2018:

<u>Fund</u>	<u>Variance</u>
Fire Protection	\$ 79,341
Emergency Telephone System	62
Police Seizure	119,295
SurreyBrook Plaza	66,685
Waterworks	236,605
Debt Service	9,001

OTHER SUPPLEMENTARY INFORMATION

Village of Sauk Village, Illinois
 General Fund
 SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
 For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Property taxes	\$ 2,782,336	\$ 2,403,612	\$ (378,724)
Licenses and permits			
Business licenses	55,000	91,641	36,641
Liquor licenses	11,800	8,765	(3,035)
Vending machine licenses	200	2,537	2,337
Video gaming licenses	18,000	10,239	(7,761)
Vehicle licenses	95,000	84,816	(10,184)
Animal licenses	1,000	1,515	515
Building permits	75,000	24,598	(50,402)
Other permits and licenses	2,000	1,855	(145)
Building occupation and inspection	21,000	19,300	(1,700)
Total licenses and permits	279,000	245,266	(33,734)
Charges for services			
Utility tax	530,000	569,938	39,938
Cable TV franchise fees	98,000	98,235	235
Police reports	2,500	910	(1,590)
Garbage collection fee	-	26,975	26,975
Rental income	14,000	15,474	1,474
Pull tabs and jar games tax	-	9,285	9,285
Other	17,200	832	(16,368)
Total charges for services	661,700	721,649	59,949

(Continued)

Village of Sauk Village, Illinois

General Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues (Continued)			
Intergovernmental			
Replacement taxes	\$ 34,000	\$ 22,820	\$ (11,180)
State income taxes	1,061,106	1,163,359	102,253
Sales and use taxes	536,746	545,699	8,953
Other state grants	40,000	13,491	(26,509)
Parks and playground grant	105,000	-	(105,000)
COPS hire grant	41,667	47,536	5,869
Other	14,000	17,318	3,318
	<u>1,832,519</u>	<u>1,810,223</u>	<u>(22,296)</u>
Fines and forfeitures			
Police fines	152,500	167,650	15,150
Administrative court	-	50	50
Tow release fines	125,000	66,550	(58,450)
State Comptroller - Debt Recovery	10,000	-	(10,000)
Other fees	2,500	-	(2,500)
	<u>290,000</u>	<u>234,250</u>	<u>(55,750)</u>
Interest	<u>200</u>	<u>2,875</u>	<u>2,675</u>
Contributions and donations			
Miscellaneous donations	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Impact fees	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Miscellaneous	<u>207,900</u>	<u>36,075</u>	<u>(171,825)</u>
Total revenues	<u>\$ 6,304,655</u>	<u>\$ 5,453,950</u>	<u>\$ (850,705)</u>

(Concluded)

Village of Sauk Village, Illinois
 General Fund
 SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures			
General government			
Finance and administration			
Regular employee wages	\$ 132,186	\$ 127,863	\$ (4,323)
Part time employee wages	33,600	36,764	3,164
Fringe benefits	77,518	101,299	23,781
Office supplies	5,000	4,693	(307)
Vehicle expense	3,600	4,381	781
Computer software supplies	7,500	7,624	124
Telephone	17,500	12,104	(5,396)
Postage	12,876	8,223	(4,653)
Insurance	5,000	4,255	(745)
Printing	15,424	7,719	(7,705)
Equipment repair and maintenance	-	3,451	3,451
Vehicle repair and maintenance	5,000	1,077	(3,923)
Publications and memberships	80	120	40
Professional services	71,000	203,171	132,171
Computer contractual services	15,000	19,872	4,872
Other contractual services	3,000	19,778	16,778
Refunds	50,000	-	(50,000)
Office equipment and furniture	-	21,772	21,772
Capital outlay	5,000	29,985	24,985
Total finance and administration	459,284	614,151	154,867
Municipal audit			
Professional services	55,000	61,351	6,351
Liability insurance			
Insurance	580,000	621,083	41,083

(Continued)

Village of Sauk Village, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

Expenditures (Continued)	Original and Final Budget	Actual	Variance Over / (Under)
General government (Continued)			
Legal			
Professional services	\$ 232,000	\$ 242,809	\$ 10,809
Other contractual services	251,158	137,134	(114,024)
Total legal	483,158	379,943	(103,215)
Elected officials			
Public official wages	88,000	82,123	(5,877)
Fringe benefits	6,732	6,323	(409)
Printing	3,000	1,754	(1,246)
Publications and memberships	12,000	10,957	(1,043)
Professional services	14,450	7,431	(7,019)
Public information	1,500	1,638	138
Fire and police commission	8,000	7,904	(96)
Committees	10,500	751	(9,749)
Other contractual services	1,000	4,739	3,739
Total elected officials	145,182	123,620	(21,562)
Community development			
Regular employee wages	127,851	146,314	18,463
Part-time employee wages	40,000	-	(40,000)
Fringe benefits	50,278	41,335	(8,943)
Total community development	218,129	187,649	(30,480)
Total general government	1,940,753	1,987,797	47,044

(Continued)

Village of Sauk Village, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

Expenditures (Continued)	Original and Final Budget	Actual	Variance Over / (Under)
Public safety			
Police department			
Employee wages	\$ 1,669,377	\$ 1,607,494	\$ (61,883)
Part-time wages	6,000	7,080	1,080
Overtime	290,000	389,243	99,243
Fringe benefits	573,191	524,801	(48,390)
Pension contributions	215,449	242,182	26,733
Office supplies	4,000	1,491	(2,509)
Vehicle expense	40,000	42,211	2,211
Uniforms and clothing	17,850	16,650	(1,200)
Facility maintenance supplies	500	-	(500)
Operating supplies	5,000	2,169	(2,831)
Computer software supplies	30,000	4,357	(25,643)
Tools and equipment	23,500	14,568	(8,932)
Telephone	120,000	98,308	(21,692)
Utilities	-	95	95
Postage	1,000	1,950	950
K-9	9,000	6,129	(2,871)
Printing	500	599	99
Equipment repair and maintenance	45,000	17,328	(27,672)
Vehicle repair and maintenance	30,000	17,089	(12,911)
Facility maintenance	3,000	1,025	(1,975)
Organization business expense	3,000	3,630	630
Professional development	2,500	3,280	780
Publications and memberships	5,000	4,676	(324)
Professional services	15,000	40,694	25,694
Computer contractual services	30,000	10,611	(19,389)
Public information	1,000	-	(1,000)
Other rents and leases	30,000	7,856	(22,144)
Other contractual services	285,000	292,936	7,936
Total police department	<u>3,454,867</u>	<u>3,358,452</u>	<u>(96,415)</u>

(Continued)

Village of Sauk Village, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures (Continued)			
Public safety (Continued)			
Emergency Service and Disaster Agency			
Part-time wages	\$ 30,500	\$ 14,700	\$ (15,800)
Fringe benefits	2,333	1,138	(1,195)
Vehicle expense	5,000	2,843	(2,157)
Uniforms and clothing	500	92	(408)
Facility maintenance supplies	300	-	(300)
Operating supplies	500	432	(68)
Computer software supplies	-	-	-
Tools and equipment	500	-	(500)
Other materials and supplies	200	-	(200)
Telephone	2,500	1,727	(773)
Equipment repair and maintenance	5,000	-	(5,000)
Vehicle repair and maintenance	7,000	1,407	(5,593)
Organization business expense	200	182	(18)
Professional development	1,200	-	(1,200)
Publications and memberships	200	-	(200)
Professional services	500	-	(500)
Other rents and leases	2,000	-	(2,000)
Total Emergency Service and Disaster Agency	58,433	22,521	(35,912)
Total public safety	3,513,300	3,380,973	(132,327)

(Continued)

Village of Sauk Village, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

Expenditures (Continued)	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Public works			
Public grounds and buildings			
Vehicle expense	\$ 17,000	\$ 17,025	\$ 25
Facility maintenance supplies	7,000	8,817	1,817
Operating supplies	500	289	(211)
Tools and equipment	2,000	-	(2,000)
Construction supplies	2,000	4,024	2,024
Telephone	1,500	1,455	(45)
Utilities	6,000	1,456	(4,544)
Equipment repair and maintenance	5,000	33,476	28,476
Vehicle repair and maintenance	1,000	876	(124)
Facility maintenance	34,380	18,199	(16,181)
Organization business expense	500	-	(500)
Professional services	-	15,908	15,908
Other rents and leases	100	171	71
Other contractual services	3,700	4,607	907
Capital outlay	9,000	9,999	999
Total public grounds and buildings	<u>89,680</u>	<u>116,302</u>	<u>26,622</u>
Streets			
Office supplies	-	23	23
Vehicle expense	6,000	9,952	3,952
Vehicle repair and maintenance	1,000	(9)	(1,009)
Other rents and leases	40,461	-	(40,461)
Tools and equipment	-	121	121
Major tools and work equipment	-	7,735	7,735
Total streets	<u>47,461</u>	<u>17,822</u>	<u>(29,639)</u>

(Continued)

Village of Sauk Village, Illinois

General Fund

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures (Continued)			
Public works (Continued)			
Parks and playgrounds			
Part-time wages	\$ 10,400	\$ 4,345	\$ (6,055)
Fringe benefits	796	332	(464)
Office supplies	-	155	155
Operating supplies	1,000	1,406	406
Telephone	600	833	233
Utilities	1,000	24	(976)
Other contractual services	6,650	(2,826)	(9,476)
OSLAD grant expenditures	105,000	14,769	(90,231)
	<u>125,446</u>	<u>19,038</u>	<u>(106,408)</u>
Total parks and playgrounds			
	<u>125,446</u>	<u>19,038</u>	<u>(106,408)</u>
Total public works	<u>262,587</u>	<u>153,162</u>	<u>(109,425)</u>
Debt service			
Principal	-	18,531	18,531
Interest	-	9,518	9,518
	<u>-</u>	<u>28,049</u>	<u>28,049</u>
Total debt service	<u>-</u>	<u>28,049</u>	<u>28,049</u>
Total expenditures	<u>\$ 5,716,640</u>	<u>\$ 5,549,981</u>	<u>\$ (166,659)</u>

(Concluded)

Village of Sauk Village, Illinois

Debt Service Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Interest	\$ 500	\$ 61,494	\$ 60,994
Miscellaneous	-	6,855	6,855
Total revenues	<u>500</u>	<u>68,349</u>	<u>67,849</u>
Expenditures			
Debt service			
Principal	3,035,000	3,035,000	-
Interest and fiscal charges	<u>1,230,070</u>	<u>1,239,071</u>	<u>9,001</u>
Total expenditures	<u>4,265,070</u>	<u>4,274,071</u>	<u>9,001</u>
Deficiency of revenues over expenditures	<u>(4,264,570)</u>	<u>(4,205,722)</u>	<u>58,848</u>
Other financing sources			
Transfers in	<u>1,465,261</u>	<u>4,522,366</u>	<u>3,057,105</u>
Total other financing sources	<u>1,465,261</u>	<u>4,522,366</u>	<u>3,057,105</u>
Net change in fund balance	\$ <u>(2,799,309)</u>	316,644	\$ <u>3,115,953</u>
Fund balance			
Beginning of year, as restated (Note S)		<u>9,300,141</u>	
End of year		\$ <u><u>9,616,785</u></u>	

Village of Sauk Village, Illinois
 Sauk Pointe Industrial Park Fund
 SCHEDULE OF REVENUES AND CHANGES IN
 FUND DEFICIT - BUDGET AND ACTUAL
 For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues			
Property taxes	\$ 261,642	\$ 1,004,384	\$ 742,742
Miscellaneous	<u>-</u>	<u>8</u>	<u>8</u>
Total revenues	<u>261,642</u>	<u>1,004,392</u>	<u>742,750</u>
Other financing uses			
Transfers out	<u>(261,643)</u>	<u>(1,007,108)</u>	<u>(745,465)</u>
Total other financing uses	<u>(261,643)</u>	<u>(1,007,108)</u>	<u>(745,465)</u>
Net change in fund deficit	<u>\$ (1)</u>	<u>(2,716)</u>	<u>\$ (2,715)</u>
Fund deficit			
Beginning of year		<u>(178,342)</u>	
End of year		<u>\$ (181,058)</u>	

Village of Sauk Village, Illinois

LogistiCenter at Sauk Village Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Property taxes	\$ 826,019	\$ 3,427,565	\$ 2,601,546
Interest	10	3,535	3,525
Total revenues	<u>826,029</u>	<u>3,431,100</u>	<u>2,605,071</u>
Expenditures			
Current			
General government	<u>309,000</u>	<u>14,000</u>	<u>(295,000)</u>
Total expenditures	<u>309,000</u>	<u>14,000</u>	<u>(295,000)</u>
Excess of revenues over expenditures	<u>517,029</u>	<u>3,417,100</u>	<u>2,900,071</u>
Other financing uses			
Transfers out	<u>(517,029)</u>	<u>(2,819,672)</u>	<u>(2,302,643)</u>
Total other financing uses	<u>(517,029)</u>	<u>(2,819,672)</u>	<u>(2,302,643)</u>
Net change in fund balance	\$ <u>-</u>	597,428	\$ <u>597,428</u>
Fund balance			
Beginning of year, as restated (Note S)		<u>2,029,967</u>	
End of year		\$ <u>2,627,395</u>	

Village of Sauk Village, Illinois

Nonmajor Governmental Funds
COMBINING BALANCE SHEET
April 30, 2018

	Special Revenue Funds			
	Fire Protection	Motor Fuel Tax	Emergency Telephone System	Police Seizure
ASSETS				
Cash and cash equivalents	\$ 40,521	\$ 82,010	\$ 2,870	\$ 117,854
Receivables, net of allowances				
Property taxes	272,041	-	-	-
Intergovernmental	-	24,051	-	-
Other	-	-	-	-
Deposits with paying agent	-	-	-	-
Advances to other funds	41,185	-	59,321	-
Total assets	\$ 353,747	\$ 106,061	\$ 62,191	\$ 117,854
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 17,957	\$ 14,683	\$ -	\$ 9,782
Accrued payroll	5,056	-	-	-
Advances from other funds	-	174,803	-	56,458
Total liabilities	23,013	189,486	-	66,240
Deferred inflows				
Property taxes levied for a future period	258,649	-	-	-
Fund balance (deficit)				
Nonspendable				
Deposits with paying agent	-	-	-	-
Advances to other funds	41,185	-	59,321	-
Restricted				
Special revenue	30,900	-	2,870	51,614
Capital projects	-	-	-	-
Unassigned	-	(83,425)	-	-
Total fund balance (deficit)	72,085	(83,425)	62,191	51,614
Total liabilities, deferred inflows, and fund balances (deficit)	\$ 353,747	\$ 106,061	\$ 62,191	\$ 117,854

Special Revenue Funds			Capital Projects Funds		
Working Cash	Railroad Noise Mitigation	Total Special Revenue	Utility Tax	Community Development Block Grant	Sauk Plaza Redevelopment Plan
\$ -	\$ 141,830	\$ 385,085	\$ -	\$ -	\$ 31,419
2,365	-	274,406	-	-	-
-	-	24,051	-	-	-
-	-	-	17,022	-	-
36,066	-	36,066	-	-	-
548,244	-	648,750	715,979	225,000	-
<u>\$ 586,675</u>	<u>\$ 141,830</u>	<u>\$ 1,368,358</u>	<u>\$ 733,001</u>	<u>\$ 225,000</u>	<u>\$ 31,419</u>
\$ -	\$ -	\$ 42,422	\$ 346	\$ -	\$ -
-	-	5,056	-	-	-
-	243,872	475,133	-	-	-
-	243,872	522,611	346	-	-
-	-	258,649	-	-	-
36,066	-	36,066	-	-	-
548,244	-	648,750	715,979	225,000	-
2,365	-	87,749	-	-	-
-	-	-	16,676	-	31,419
-	(102,042)	(185,467)	-	-	-
<u>586,675</u>	<u>(102,042)</u>	<u>587,098</u>	<u>732,655</u>	<u>225,000</u>	<u>31,419</u>
<u>\$ 586,675</u>	<u>\$ 141,830</u>	<u>\$ 1,368,358</u>	<u>\$ 733,001</u>	<u>\$ 225,000</u>	<u>\$ 31,419</u>

(Continued)

Village of Sauk Village, Illinois
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET (Continued)
April 30, 2018

	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	<u>SurreyBrook Plaza</u>	<u>Municipal Building</u>	<u>Total Capital Projects</u>	
ASSETS				
Cash and cash equivalents	\$ 552,519	\$ -	\$ 583,938	\$ 969,023
Receivables, net of allowances				
Property taxes	-	-	-	274,406
Intergovernmental	-	-	-	24,051
Other	-	-	17,022	17,022
Deposits with paying agent	-	-	-	36,066
Advances to other funds	9,616	-	950,595	1,599,345
Total assets	<u>\$ 562,135</u>	<u>\$ -</u>	<u>\$ 1,551,555</u>	<u>\$ 2,919,913</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 29,862	\$ -	\$ 30,208	\$ 72,630
Accrued payroll	-	-	-	5,056
Advances from other funds	-	13,043	13,043	488,176
Total liabilities	<u>29,862</u>	<u>13,043</u>	<u>43,251</u>	<u>565,862</u>
Deferred inflows				
Property taxes levied for a future period	-	-	-	258,649
Fund balance (deficit)				
Nonspendable				
Deposits with paying agent	-	-	-	36,066
Advances to other funds	9,616	-	950,595	1,599,345
Restricted				
Special revenue	-	-	-	87,749
Capital projects	522,657	-	570,752	570,752
Unassigned	-	(13,043)	(13,043)	(198,510)
Total fund balance (deficit)	<u>532,273</u>	<u>(13,043)</u>	<u>1,508,304</u>	<u>2,095,402</u>
Total liabilities, deferred inflows, and fund balances (deficit)	<u>\$ 562,135</u>	<u>\$ -</u>	<u>\$ 1,551,555</u>	<u>\$ 2,919,913</u>

(Concluded)

Village of Sauk Village, Illinois

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)

For the Year Ended April 30, 2018

	Special Revenue Funds			
	Fire Protection	Motor Fuel Tax	Emergency Telephone System	Police Seizure
Revenues				
Property taxes	\$ 394,247	\$ -	\$ -	\$ -
Charges for services	24,741	-	-	-
Licenses and permits	500	-	-	-
Utility taxes	-	-	-	-
Intergovernmental	4,891	268,250	-	-
Sale of property	23,000	-	-	-
Interest	-	1,548	-	5
Miscellaneous	5,217	-	-	91,975
Total revenues	452,596	269,798	-	91,980
Expenditures				
Current				
General government	-	-	-	-
Public safety	465,509	-	62	28,319
Public works	-	395,371	-	-
Debt service				
Principal	24,654	-	-	-
Interest	554	-	-	-
Capital outlay	-	-	-	115,976
Total expenditures	490,717	395,371	62	144,295
Excess (deficiency) of revenues over expenditures	(38,121)	(125,573)	(62)	(52,315)
Other financing uses				
Transfers in	-	200,000	-	-
Transfers out	(66,899)	(45,000)	(24,845)	-
Total other financing uses	(66,899)	155,000	(24,845)	-
Net change in fund balance (deficit)	(105,020)	29,427	(24,907)	(52,315)
Fund balance (deficit)				
Beginning of year	177,105	(112,852)	87,098	103,929
End of year	\$ 72,085	\$ (83,425)	\$ 62,191	\$ 51,614

Special Revenue Funds			Capital Projects Funds		
Working Cash	Railroad Noise Mitigation	Total Special Revenue	Utility Tax	Community Development Block Grant	Sauk Plaza Redevelopment Plan
\$ 69,655	\$ -	\$ 463,902	\$ -	\$ -	\$ -
-	-	24,741	-	-	-
-	-	500	-	-	-
-	-	-	174,008	-	-
-	-	273,141	-	200,000	-
-	-	23,000	-	-	-
307	-	1,860	-	-	-
-	-	97,192	-	-	-
<u>69,962</u>	<u>-</u>	<u>884,336</u>	<u>174,008</u>	<u>200,000</u>	<u>-</u>
-	-	-	346	-	-
-	-	493,890	-	-	-
-	38,024	433,395	-	-	-
-	-	24,654	-	-	-
-	-	554	-	-	-
-	-	115,976	-	-	-
<u>-</u>	<u>38,024</u>	<u>1,068,469</u>	<u>346</u>	<u>-</u>	<u>-</u>
<u>69,962</u>	<u>(38,024)</u>	<u>(184,133)</u>	<u>173,662</u>	<u>200,000</u>	<u>-</u>
-	-	200,000	-	-	-
<u>(75,000)</u>	<u>-</u>	<u>(211,744)</u>	<u>(85,842)</u>	<u>(200,000)</u>	<u>-</u>
<u>(75,000)</u>	<u>-</u>	<u>(11,744)</u>	<u>(85,842)</u>	<u>(200,000)</u>	<u>-</u>
(5,038)	(38,024)	(195,877)	87,820	-	-
<u>591,713</u>	<u>(64,018)</u>	<u>782,975</u>	<u>644,835</u>	<u>225,000</u>	<u>31,419</u>
<u>\$ 586,675</u>	<u>\$ (102,042)</u>	<u>\$ 587,098</u>	<u>\$ 732,655</u>	<u>\$ 225,000</u>	<u>\$ 31,419</u>

(Continued)

Village of Sauk Village, Illinois

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) (Continued)

For the Year Ended April 30, 2018

	Capital Projects Funds			Total Nonmajor Governmental Funds
	SurreyBrook Plaza	Municipal Building	Total Capital Projects	
Revenues				
Property taxes	\$ 105,531	\$ -	\$ 105,531	\$ 569,433
Charges for services	-	-	-	24,741
Licenses and permits	-	-	-	500
Utility taxes	-	-	174,008	174,008
Intergovernmental	-	-	200,000	473,141
Sale of property	-	-	-	23,000
Interest	1,820	-	1,820	3,680
Miscellaneous	-	-	-	97,192
Total revenues	107,351	-	481,359	1,365,695
Expenditures				
Current				
General government	141,685	-	142,031	142,031
Public safety	-	-	-	493,890
Public works	-	-	-	433,395
Debt service				
Principal	-	-	-	24,654
Interest	-	-	-	554
Capital outlay	-	-	-	115,976
Total expenditures	141,685	-	142,031	1,210,500
Excess (deficiency) of revenues over expenditures	(34,334)	-	339,328	155,195
Other financing uses				
Transfers in	-	-	-	200,000
Transfers out	(15,000)	-	(300,842)	(512,586)
Total other financing uses	(15,000)	-	(300,842)	(312,586)
Net change in fund balance (deficit)	(49,334)	-	38,486	(157,391)
Fund balance (deficit)				
Beginning of year	581,607	(13,043)	1,469,818	2,252,793
End of year	\$ 532,273	\$ (13,043)	\$ 1,508,304	\$ 2,095,402

(Concluded)

Village of Sauk Village, Illinois

Fire Protection Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues			
Property taxes	\$ 468,230	\$ 394,247	\$ (73,983)
Charges for services	28,000	24,741	(3,259)
Licenses and permits	-	500	500
Intergovernmental	-	4,891	4,891
Sale of property	-	23,000	23,000
Miscellaneous	-	5,217	5,217
Total revenues	<u>496,230</u>	<u>452,596</u>	<u>(43,634)</u>
Expenditures			
Current			
Public safety			
Regular wages	70,267	78,386	8,119
Part-time wages	168,000	123,587	(44,413)
Fringe benefits	21,070	16,268	(4,802)
Pension contributions	11,615	60,779	49,164
Office supplies	8,000	8,816	816
Vehicle expense	20,000	26,776	6,776
Uniforms and clothing	10,000	2,555	(7,445)
Facility maintenance supplies	3,000	4,714	1,714
Operating supplies	1,000	482	(518)
Computer software supplies	6,000	-	(6,000)
Tools and equipment	24,224	1,946	(22,278)
Other materials and supplies	1,000	1,753	753
Telephone	2,000	8,497	6,497
Utilities	2,000	1,873	(127)
Postage	100	109	9
Printing	100	81	(19)
Equipment repair and maintenance	10,000	11,221	1,221
Vehicle repair and maintenance	8,000	10,933	2,933
Facility maintenance	1,000	396	(604)
Professional development	6,000	2,452	(3,548)
Publications and memberships	500	980	480
Professional services	5,000	4,473	(527)

(Continued)

Village of Sauk Village, Illinois

Fire Protection Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Expenditures (continued)			
Current (continued)			
Public safety (continued)			
Computer contractual services	\$ 2,000	\$ 10,560	\$ 8,560
Intergovernmental services	3,000	6,200	3,200
Other rents and leases	5,000	323	(4,677)
Public information	2,000	334	(1,666)
Vehicles	17,500	-	(17,500)
Trust fees	3,000	-	(3,000)
Other contractual services	-	81,015	81,015
Total public safety	<u>411,376</u>	<u>465,509</u>	<u>54,133</u>
Debt service			
Principal	-	24,654	24,654
Interest	-	554	554
Total debt service	<u>-</u>	<u>25,208</u>	<u>25,208</u>
Total expenditures	<u>411,376</u>	<u>490,717</u>	<u>79,341</u>
Excess (deficiency) of revenues over expenditures	<u>84,854</u>	<u>(38,121)</u>	<u>(122,975)</u>
Other financing uses			
Transfer out	<u>(63,900)</u>	<u>(66,899)</u>	<u>(2,999)</u>
Total other financing uses	<u>(63,900)</u>	<u>(66,899)</u>	<u>(2,999)</u>
Net change in fund balance	<u>\$ 20,954</u>	(105,020)	<u>\$ (125,974)</u>
Fund balance			
Beginning of year		<u>177,105</u>	
End of year		<u>\$ 72,085</u>	

(Concluded)

Village of Sauk Village, Illinois

Motor Fuel Tax Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
Revenues			
Intergovernmental	\$ 360,530	\$ 268,250	\$ (92,280)
Interest	100	1,548	1,448
Total revenues	<u>360,630</u>	<u>269,798</u>	<u>(90,832)</u>
Expenditures			
Current			
Public works			
Operating supplies	40,000	21,812	(18,188)
Construction supplies	50,000	14,243	(35,757)
Utilities	40,000	19,694	(20,306)
Equipment repair and maintenance	9,000	7,095	(1,905)
Professional services	70,000	79,927	9,927
Contractual services	36,630	1,401	(35,229)
Construction	470,000	251,199	(218,801)
Total public works	<u>715,630</u>	<u>395,371</u>	<u>(320,259)</u>
Total expenditures	<u>715,630</u>	<u>395,371</u>	<u>(320,259)</u>
Excess (deficiency) of revenues over expenditures	<u>(355,000)</u>	<u>(125,573)</u>	<u>229,427</u>
Other financing sources (uses)			
Transfer in	400,000	200,000	(200,000)
Transfer out	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>355,000</u>	<u>155,000</u>	<u>(200,000)</u>
Net change in fund deficit	<u>\$ -</u>	<u>29,427</u>	<u>\$ 29,427</u>
Fund deficit			
Beginning of year		<u>(112,852)</u>	
End of year		<u>\$ (83,425)</u>	

Village of Sauk Village, Illinois

Emergency Telephone System Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
Revenues			
Charges for services			
911 surcharge	\$ 50,000	\$ -	\$ (50,000)
Total revenues	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Expenditures			
Current			
Public safety			
Trust fees	-	62	62
Total expenditures	<u>-</u>	<u>62</u>	<u>62</u>
Excess of revenues over expenditures	<u>50,000</u>	<u>(62)</u>	<u>(50,062)</u>
Other financing uses			
Transfer (out)	<u>(53,845)</u>	<u>(24,845)</u>	<u>29,000</u>
Total other financing uses	<u>(53,845)</u>	<u>(24,845)</u>	<u>29,000</u>
Net change in fund balance	<u>\$ (3,845)</u>	<u>(24,907)</u>	<u>\$ (21,062)</u>
Fund balance			
Beginning of year		<u>87,098</u>	
End of year		<u>\$ 62,191</u>	

Village of Sauk Village, Illinois

Police Seizure Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Drug enforcement program receipts	\$ 50,000	\$ 91,975	\$ 41,975
Interest	-	5	5
Total revenues	<u>50,000</u>	<u>91,980</u>	<u>41,980</u>
Expenditures			
Current			
Public safety			
Major tools and equipment	25,000	15,362	(9,638)
Other contractual	-	64	64
Refunds	-	12,893	12,893
Capital outlay	-	115,976	115,976
Total expenditures	<u>25,000</u>	<u>144,295</u>	<u>119,295</u>
Deficiency of revenues over expenditures	<u>25,000</u>	<u>(52,315)</u>	<u>(77,315)</u>
Net change in fund balance	<u>\$ 25,000</u>	<u>(52,315)</u>	<u>\$ (77,315)</u>
Fund balance			
Beginning of year		<u>103,929</u>	
End of year		<u>\$ 51,614</u>	

Village of Sauk Village, Illinois

Working Cash Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Property taxes	\$ 75,000	\$ 69,655	\$ (5,345)
Interest	10	307	297
Total revenues	<u>75,010</u>	<u>69,962</u>	<u>(5,048)</u>
Other financing uses			
Transfer out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	\$ <u>10</u>	(5,038)	\$ <u>(5,048)</u>
Fund balance			
Beginning of year		<u>591,713</u>	
End of year		\$ <u>586,675</u>	

Village of Sauk Village, Illinois
 Railroad Noise Mitigation Fund
 SCHEDULE OF DETAILED EXPENDITURES AND CHANGES IN
 FUND DEFICIT - BUDGET AND ACTUAL
 For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Expenditures			
Current			
Public works			
Professional services	\$ <u>160,000</u>	\$ <u>38,024</u>	\$ <u>(121,976)</u>
Total public works	<u>160,000</u>	<u>38,024</u>	<u>(121,976)</u>
Deficiency of revenues over expenditures	\$ <u><u>(160,000)</u></u>	(38,024)	\$ <u><u>121,976</u></u>
Fund deficit			
Beginning of year		<u>(64,018)</u>	
End of year		\$ <u><u>(102,042)</u></u>	

Village of Sauk Village, Illinois

Utility Tax Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Utility taxes	\$ 175,000	\$ 174,008	\$ (992)
Total revenues	<u>175,000</u>	<u>174,008</u>	<u>(992)</u>
Expenditures			
Current			
General government			
Amalgamated trust fees	3,000	-	(3,000)
Refunds	<u>1,500</u>	<u>346</u>	<u>(1,154)</u>
Total general government	<u>4,500</u>	<u>346</u>	<u>(4,154)</u>
Total expenditures	<u>4,500</u>	<u>346</u>	<u>(4,154)</u>
Excess of revenues over expenditures	<u>170,500</u>	<u>173,662</u>	<u>3,162</u>
Other financing uses			
Transfer out	<u>(163,845)</u>	<u>(85,842)</u>	<u>78,003</u>
Net change in fund balance	\$ <u>6,655</u>	87,820	\$ <u>81,165</u>
Fund balance			
Beginning of year		<u>644,835</u>	
End of year		\$ <u>732,655</u>	

Village of Sauk Village, Illinois
Community Development Block Grant Fund
SCHEDULE OF DETAILED REVENUES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Revenues			
Intergovernmental	\$ 400,000	\$ 200,000	\$ (200,000)
Excess of revenues over expenditures	400,000	200,000	(200,000)
Other financing uses			
Transfer out	(400,000)	(200,000)	200,000
Net change in fund balance	\$ -	-	\$ -
Fund balance			
Beginning of year		225,000	
End of year		\$ 225,000	

Village of Sauk Village, Illinois

SurreyBrook Plaza Fund

SCHEDULE OF DETAILED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Revenues			
Property taxes	\$ 103,344	\$ 105,531	\$ 2,187
Interest	<u>100</u>	<u>1,820</u>	<u>1,720</u>
Total revenues	<u>103,444</u>	<u>107,351</u>	<u>3,907</u>
Expenditures			
General government			
Professional services	<u>75,000</u>	<u>141,685</u>	<u>66,685</u>
Total expenditures	<u>75,000</u>	<u>141,685</u>	<u>66,685</u>
Excess of revenues over expenditures	28,444	(34,334)	(62,778)
Other financing uses			
Transfer out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	\$ <u>13,444</u>	(49,334)	\$ <u>(62,778)</u>
Fund balance			
Beginning of year		<u>581,607</u>	
End of year		\$ <u>532,273</u>	

Village of Sauk Village, Illinois

Waterworks Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Operating revenues			
Charges for services	\$ 1,382,471	\$ 1,550,919	\$ 168,448
Meter sales	25,000	19,800	(5,200)
Miscellaneous	<u>50,500</u>	<u>312</u>	<u>(50,188)</u>
Total revenues	<u>\$ 1,457,971</u>	<u>\$ 1,571,031</u>	<u>\$ 113,060</u>

Village of Sauk Village, Illinois

Waterworks Fund

SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses			
Salaries			
Regular wages	\$ 498,244	\$ 546,183	\$ 47,939
Part time wages	18,720	-	(18,720)
Overtime	55,000	62,400	7,400
Total salaries	571,964	608,583	36,619
Fringe benefits	235,221	189,074	(46,147)
Supplies, fees and services			
Office supplies	500	1,452	952
Vehicle expense	20,000	23,733	3,733
Uniforms and clothing	4,000	3,257	(743)
Facility maintenance supplies	250	-	(250)
Operating supplies	35,000	36,691	1,691
Computer software supplies	250	235	(15)
Tools and equipment	4,000	2,301	(1,699)
Construction supplies	57,900	91,184	33,284
Telephone	6,000	5,330	(670)
Utilities	70,000	89,085	19,085
Postage	3,000	4,432	1,432
Printing	1,000	1,635	635
Professional development	2,500	2,308	(192)
Publications and memberships	500	-	(500)
Professional services	75,100	13,861	(61,239)
Computer contractual services	2,500	2,491	(9)
Intergovernmental services	2,000	10,295	8,295
Public information	-	192	192
Other rents and leases	2,400	792	(1,608)
Other contractual services	5,000	16,043	11,043
Computer hardware purchases	1,500	-	(1,500)
Vehicles	25,000	-	(25,000)
Total supplies, fees and services	318,400	305,317	(13,083)

(Continued)

Village of Sauk Village, Illinois

Waterworks Fund

SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating expenses (continued)			
Repairs and maintenance			
Equipment repair and maintenance	\$ 25,000	\$ 31,945	\$ 6,945
Vehicle repair and maintenance	15,000	14,154	(846)
Facility repair and maintenance	<u>3,000</u>	<u>15,322</u>	<u>12,322</u>
Total repairs and maintenance	<u>43,000</u>	<u>61,421</u>	<u>18,421</u>
Capital outlay			
Construction	<u>132,000</u>	<u>5,190</u>	<u>(126,810)</u>
Total capital outlay	<u>132,000</u>	<u>5,190</u>	<u>(126,810)</u>
Total operating expenses before depreciation	<u>1,300,585</u>	<u>1,169,585</u>	<u>(131,000)</u>
Depreciation	<u>-</u>	<u>367,605</u>	<u>367,605</u>
Total operating expenses	<u>\$ 1,300,585</u>	<u>\$ 1,537,190</u>	<u>\$ 236,605</u>

(Concluded)

Village of Sauk Village, Illinois

Sewerage Fund

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Operating revenues			
Charges for services	\$ 766,746	\$ 802,836	\$ 36,090
Miscellaneous	<u>-</u>	<u>1,211</u>	<u>1,211</u>
Total revenues	<u>\$ 766,746</u>	<u>\$ 804,047</u>	<u>\$ 37,301</u>

Village of Sauk Village, Illinois
Sewerage Fund
SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL
For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over / (Under)
Operating expenses			
Salaries			
Regular wages	\$ 348,025	\$ 325,172	\$ (22,853)
Part-time wages	18,720	-	(18,720)
Overtime	19,000	16,100	(2,900)
Total salaries	385,745	341,272	(44,473)
Fringe benefits	179,367	163,260	(16,107)
Supplies, fees and services			
Office supplies	500	129	(371)
Vehicle expense	5,000	4,932	(68)
Uniforms and clothing	3,000	3,021	21
Operating supplies	500	443	(57)
Computer software supplies	500	-	(500)
Tools and equipment	2,100	329	(1,771)
Construction supplies	2,000	337	(1,663)
Telephone	3,000	2,156	(844)
Postage	1,000	3,445	2,445
Printing	1,000	1,128	128
Professional development	100	-	(100)
Publications and memberships	500	-	(500)
Professional services	25,000	38,454	13,454
Computer contractual services	1,000	2,243	1,243
Other contractual services	24,000	(532)	(24,532)
Total supplies, fees and services	69,200	56,085	(13,115)

(Continued)

Village of Sauk Village, Illinois

Sewerage Fund

SCHEDULE OF DETAILED EXPENSES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over / (Under)</u>
Operating expenses (continued)			
Repairs and maintenance			
Equipment repair and maintenance	\$ 6,000	\$ 11,167	\$ 5,167
Vehicle repair and maintenance	<u>3,000</u>	<u>1,885</u>	<u>(1,115)</u>
Total repairs and maintenance	<u>9,000</u>	<u>13,052</u>	<u>4,052</u>
Total operating expenses before depreciation	<u>643,312</u>	<u>573,669</u>	<u>(69,643)</u>
Depreciation	<u>-</u>	<u>29,842</u>	<u>29,842</u>
Total operating expenses	<u>\$ 643,312</u>	<u>\$ 603,511</u>	<u>\$ (39,801)</u>

(Concluded)

Village of Sauk Village, Illinois
Pension Trust Funds
COMBINING STATEMENT OF PLAN NET POSITION
April 30, 2018

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 225,055	\$ 65,085	\$ 290,140
Investments	5,204,396	7,002	5,211,398
Accrued interest	15,134	-	15,134
Other receivable	26,142	-	26,142
	<u>5,470,727</u>	<u>72,087</u>	<u>5,542,814</u>
LIABILITIES:			
Accounts payable	<u>534</u>	<u>-</u>	<u>534</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 5,470,193</u>	<u>\$ 72,087</u>	<u>\$ 5,542,280</u>

Village of Sauk Village, Illinois
Pension Trust Funds
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
For the Year Ended April 30, 2018

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 242,182	\$ 60,779	\$ 302,961
Members and other	<u>152,393</u>	<u>-</u>	<u>152,393</u>
Total contributions	<u>394,575</u>	<u>60,779</u>	<u>455,354</u>
Investment earnings	278,777	361	279,138
Investment expenses	<u>(22,980)</u>	<u>-</u>	<u>(22,980)</u>
Net investment earnings (losses)	<u>255,797</u>	<u>361</u>	<u>256,158</u>
Total additions	<u>650,372</u>	<u>61,140</u>	<u>711,512</u>
DEDUCTIONS			
Pension benefits	594,039	40,441	634,480
Administrative expense	<u>18,679</u>	<u>8,224</u>	<u>26,903</u>
Total deductions	<u>612,718</u>	<u>48,665</u>	<u>661,383</u>
CHANGE IN NET POSITION	37,654	12,475	50,129
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of year	<u>5,432,539</u>	<u>59,612</u>	<u>5,492,151</u>
End of year	<u>\$ 5,470,193</u>	<u>\$ 72,087</u>	<u>\$ 5,542,280</u>

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 General Obligation Tax Increment Refunding Bonds (Alternative Revenue Source) Series 2002A
April 30, 2018

Dated: June 15, 2002
 Original Issue: \$9,755,000
 Due: June 1, 2022
 Interest Payment Dates: June 1 and December 1
 Interest Rates: 5.00%

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 900,000	\$ 252,250	\$ 1,152,250
2020	945,000	207,250	1,152,250
2021	1,000,000	160,000	1,160,000
2022	1,055,000	110,000	1,165,000
2023	1,145,000	28,625	1,173,625
	<u>\$ 5,045,000</u>	<u>\$ 758,125</u>	<u>\$ 5,803,125</u>

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 General Obligation Capital Appreciation Bonds (Tax Increment Alternate Revenue Source) Series 2002B
April 30, 2018

Dated:	June 27, 2002
Original Issue:	\$4,999,356
Due:	June 1, 2022
Interest Rates:	5.65% - 5.95%

Year Ending April 30,	Principal
2019	\$ 1,135,000
2020	1,220,000
2021	1,315,000
2022	1,405,000
2023	1,460,000
	\$ 6,535,000

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
General Obligation Capital Appreciation (Alternate Revenue) Bonds Series 2007A
April 30, 2018

Dated:	June 6, 2007
Original Issue:	\$5,201,610
Due:	December 1, 2018
Interest Rates:	4.30%

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>
2019	\$ <u><u>685,000</u></u>

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
General Obligation (Alternate Revenue) Bonds Series 2007B
April 30, 2018

Dated: June 6, 2007
Original Issue: \$1,405,000
Due: December 1, 2027
Interest Payment Dates: June 1 and December 1
Interest Rates: 4.00% - 5.00%

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,000	\$ 45,290	\$ 110,290
2020	75,000	42,690	117,690
2021	80,000	39,690	119,690
2022	85,000	36,370	121,370
2023	95,000	32,842	127,842
2024	100,000	28,900	128,900
2025	110,000	24,750	134,750
2026	120,000	19,250	139,250
2027	125,000	13,250	138,250
2028	140,000	7,000	147,000
	<u>\$ 995,000</u>	<u>\$ 290,032</u>	<u>\$ 1,285,032</u>

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 General Obligation (Alternate Revenue) Bonds Series 2007C
April 30, 2018

Dated: June 6, 2007
 Original Issue: \$810,000
 Due: December 1, 2027
 Interest Payment Dates: June 1 and December 1
 Interest Rates: 4.00% - 5.00%

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 40,000	\$ 27,500	\$ 67,500
2020	40,000	25,900	65,900
2021	45,000	24,300	69,300
2022	50,000	22,500	72,500
2023	55,000	20,000	75,000
2024	60,000	17,250	77,250
2025	65,000	14,250	79,250
2026	65,000	11,000	76,000
2027	75,000	7,750	82,750
2028	80,000	4,000	84,000
	<u>\$ 575,000</u>	<u>\$ 174,450</u>	<u>\$ 749,450</u>

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
General Obligation Bonds (Alternate Revenue Source) Series 2008
April 30, 2018

Dated: December 23, 2008
Original Issue: \$9,500,000
Due: December 1, 2028
Interest Payment Dates: June 1 and December 1
Interest Rates: 5.40% - 7.25%

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 160,000	\$ 512,222	\$ 672,222
2020	210,000	500,622	710,622
2021	185,000	485,398	670,398
2022	150,000	475,408	625,408
2023	220,000	467,008	687,008
2024	1,295,000	454,358	1,749,358
2025	1,470,000	378,600	1,848,600
2026	1,355,000	290,400	1,645,400
2027	1,075,000	207,746	1,282,746
2028	1,110,000	141,632	1,251,632
2029	1,165,000	72,812	1,237,812
	<u>\$ 8,395,000</u>	<u>\$ 3,986,206</u>	<u>\$ 12,381,206</u>

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 General Obligation Tax Increment Bonds (Alternate Revenue Source) Series 2009
April 30, 2018

Dated: April 28, 2009
 Original Issue: \$8,000,000
 Due: April 1, 2029
 Interest Payment Dates: June 1 and December 1 through
 2028, then April 1, 2029
 Interest Rates: 4.30% - 7.50%

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 180,000	\$ 313,290	\$ 493,290
2020	105,000	299,790	404,790
2021	60,000	291,914	351,914
2022	165,000	289,334	454,334
2023	65,000	282,240	347,240
2024	815,000	279,444	1,094,444
2025	885,000	244,400	1,129,400
2026	675,000	205,460	880,460
2027	635,000	175,084	810,084
2028	1,105,000	145,874	1,250,874
2029	2,000,000	110,088	2,110,088
	<u>\$ 6,690,000</u>	<u>\$ 2,636,918</u>	<u>\$ 9,326,918</u>

Village of Sauk Village, Illinois
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
General Obligation Working Cash Bonds Series 2010
April 30, 2018

Dated: February 1, 2010
Original Issue: \$574,000
Due: February 1, 2020
Interest Payment Dates: February 1 and August 1
Interest Rates: 5.00%

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,000	\$ 6,750	\$ 71,750
2020	<u>70,000</u>	<u>3,500</u>	<u>73,500</u>
	<u>\$ 135,000</u>	<u>\$ 10,250</u>	<u>\$ 145,250</u>

Village of Sauk Village, Illinois

LEGAL DEBT MARGIN

April 30, 2018

2017 Equalized Assessed Valuation (EAV)	\$	<u>80,343,238</u>	
Voted and Unvoted Debt Limit - 8.625% of EAV			\$ 6,929,604
Total Debt Outstanding		30,068,747	
Less Exempted Debt		<u>27,860,440</u>	
Net Subject to 8.625% Limit			<u>2,208,307</u>
Total Legal Voted and Unvoted Debt Margin	\$		<u><u>4,721,298</u></u>