

# VILLAGE OF MIDLOTHIAN, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2020

# VILLAGE OF MIDLOTHIAN, ILLINOIS

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITOR'S REPORT**

July 21, 2022

The Honorable Village President  
Members of the Board of Trustees  
Village of Midlothian, Illinois

### **Opinions**

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 Midlothian, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Midlothian, Illinois, as of April 30, 2020, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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



### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Midlothian, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2020**

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Our discussion and analysis of the Village of Midlothian's (the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2020. Please read it and the Village's financial statements, which can be found in the basic financial statements section of this report.

#### **FINANCIAL HIGHLIGHTS**

- The Village's overall net position decreased as a result of this year's operations. Net position of business-type activities increased by \$503,288, or 7.9 percent, and net position of the governmental activities decreased by \$3,694,630, or 11.4 percent.
- During the year, government-wide revenues for the primary government totaled \$20,583,886, while expenses totaled \$23,775,228, resulting in a decrease to net position of \$3,191,342.
- The Village's net position totaled (\$29,270,331) on April 30, 2020, which includes \$525,245 net investment in capital assets, \$4,955,886 subject to external restrictions, and (\$34,751,462) unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$12,006,134, resulting in ending fund balance of \$17,284,418.

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Management's Discussion and Analysis April 30, 2020

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#### USING THIS ANNUAL REPORT – Continued

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

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

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

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

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

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

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

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2020**

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

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

##### **Governmental Funds**

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

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

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

The Village adopts an annual appropriated budget for all funds except the Debt Service Fund, the 911 Emergency Service Fund, and the Foreign Fire Insurance Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

##### **Proprietary Funds**

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

# **VILLAGE OF MIDLOTHIAN, ILLINOIS**

## **Management's Discussion and Analysis**

**April 30, 2020**

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

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund, which are considered to be major funds of the Village. Data from the other two proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

#### **Fiduciary Funds**

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

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

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

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's I.M.R.F., police and fire employee pension obligations, and retiree benefits plan, and budgetary comparison schedule for the General Fund. Required supplementary information can be found in the financial section of this report. The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found in the financial section of this report.

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Management's Discussion and Analysis April 30, 2020

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets/deferred outflows fell short of liabilities/deferred inflows by \$29,270,331.

	Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 24,653,352	11,901,730	5,530,687	5,136,279	30,184,039	17,038,009
Capital Assets	2,972,630	3,151,870	9,537,471	9,639,371	12,510,101	12,791,241
Total Assets	27,625,982	15,053,600	15,068,158	14,775,650	42,694,140	29,829,250
Deferred Outflows	21,194,213	11,476,666	318,741	43,936	21,512,954	11,520,602
Total Assets/Deferred Outflows	48,820,195	26,530,266	15,386,899	14,819,586	64,207,094	41,349,852
Long-Term Debt	73,970,656	49,032,309	7,454,348	7,489,286	81,425,004	56,521,595
Other Liabilities	1,734,697	1,396,738	1,014,305	907,672	2,749,002	2,304,410
Total Liabilities	75,705,353	50,429,047	8,468,653	8,396,958	84,174,006	58,826,005
Deferred Inflows	9,279,885	8,571,632	23,534	31,204	9,303,419	8,602,836
Total Liabilities/Deferred Inflows	84,985,238	59,000,679	8,492,187	8,428,162	93,477,425	67,428,841
Net Position						
Net Investment in Capital Assets	(3,223,766)	(3,642,327)	3,749,011	3,705,171	525,245	62,844
Restricted	4,502,146	3,539,943	453,740	-	4,955,886	3,539,943
Unrestricted (Deficit)	(37,443,423)	(32,368,029)	2,691,961	2,686,253	(34,751,462)	(29,681,776)
Total Net Position	(36,165,043)	(32,470,413)	6,894,712	6,391,424	(29,270,331)	(26,078,989)

A portion of the Village's net position, \$525,245, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$4,955,886, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$34,751,462), represents unrestricted (deficit) net position and may be used to meet the government's ongoing obligations to citizens and creditors.

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Management's Discussion and Analysis April 30, 2020

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 3,417,039	3,298,376	4,153,828	4,062,289	7,570,867	7,360,665
Operating Grants/Contrib.	1,003,110	501,330	-	-	1,003,110	501,330
General Revenues						
Property Taxes	5,753,326	4,874,145	-	-	5,753,326	4,874,145
Sales Taxes	2,469,972	2,483,143	-	-	2,469,972	2,483,143
Income Taxes	1,606,147	1,438,762	-	-	1,606,147	1,438,762
Other Taxes	1,764,341	1,777,826	-	-	1,764,341	1,777,826
Other General Revenues	338,372	337,638	77,751	58,440	416,123	396,078
Total Revenues	16,352,307	14,711,220	4,231,579	4,120,729	20,583,886	18,831,949
Expenses						
General Government	2,930,708	1,952,460	-	-	2,930,708	1,952,460
Public Safety	12,504,719	9,930,013	-	-	12,504,719	9,930,013
Public Works	3,889,567	2,937,282	-	-	3,889,567	2,937,282
Interest	721,943	263,367	-	-	721,943	263,367
Water	-	-	2,953,922	3,050,650	2,953,922	3,050,650
Sewer	-	-	608,832	722,060	608,832	722,060
West Commuter Parking Lot	-	-	20,253	7,878	20,253	7,878
Commuter Parking Lot	-	-	145,284	112,140	145,284	112,140
Total Expenses	20,046,937	15,083,122	3,728,291	3,892,728	23,775,228	18,975,850
Change in Net Position	(3,694,630)	(371,902)	503,288	228,001	(3,191,342)	(143,901)
Net Position - Beginning	(32,470,413)	(32,098,511)	6,391,424	6,163,423	(26,078,989)	(25,935,088)
Net Position - Ending	(36,165,043)	(32,470,413)	6,894,712	6,391,424	(29,270,331)	(26,078,989)



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Management's Discussion and Analysis April 30, 2020

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

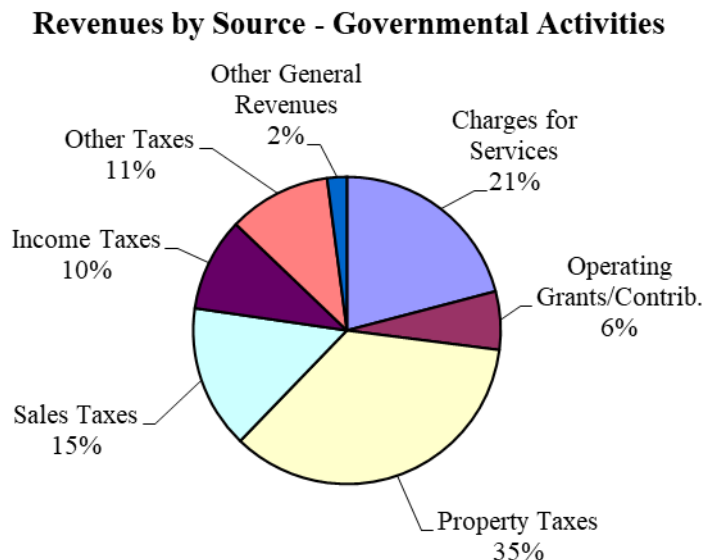
Net position of the Village's governmental activities decreased by 11.4 percent (\$3,694,630 decrease in 2020 compared to a decrease of \$371,902 in 2019). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit of \$37,443,423 at April 30, 2020.

Net position of business-type activities increased by 7.9 percent (\$503,288 in 2020 compared to \$228,001 in 2019).

#### Governmental Activities

Revenues for governmental activities totaled \$16,352,307, while the cost of all governmental functions totaled \$20,046,937. This results in a deficit of \$3,694,630. In 2019, expenses of \$15,083,122 exceeded revenues of \$14,711,220 resulting in a deficit of \$371,902. The deficit in 2020 was due in large part to the increase of the net pension liabilities for the Village's IMRF, police, and firefighter's pension funds, and the Village's total OPEB liability.

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



## VILLAGE OF MIDLOTHIAN, ILLINOIS

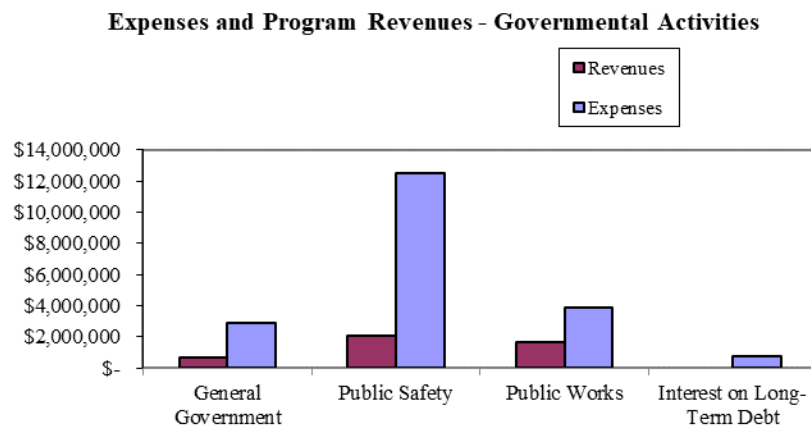
### Management's Discussion and Analysis April 30, 2020

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

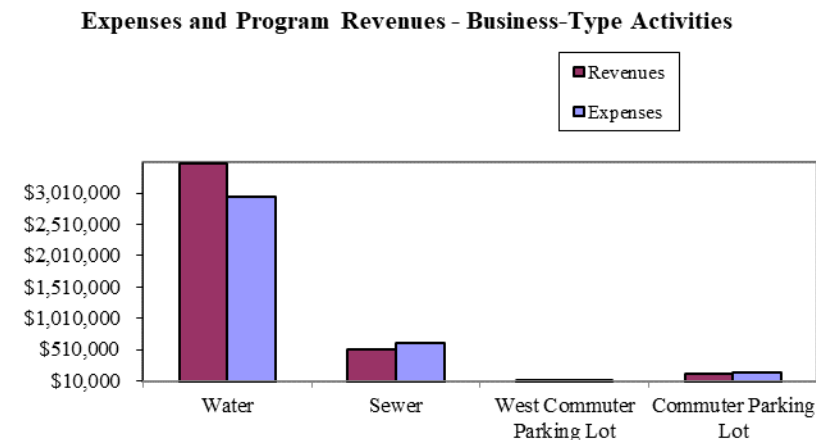
##### Governmental Activities – Continued

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



##### Business-Type Activities

Business-Type activities posted total revenues of \$4,231,579, while the cost of all business-type activities totaled \$3,728,291. This results in a surplus of \$503,288. In 2019, revenues of \$4,120,729 exceeded expenses of \$3,892,728 resulting in a surplus of \$228,001. The surplus in the current year is due to expenses coming in under budget in the Water Fund and Sewer Fund by \$1,318,231 and \$338,175 respectively.



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

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2020**

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

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

##### **Governmental Funds**

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

The Village's governmental funds reported combining ending fund balances of \$18,657,762, which is \$12,135,679 higher than last year's total of \$6,522,083. Of the \$18,657,762 total, \$14,020,839 of the fund balance constitutes unassigned fund balance and \$4,636,923 is restricted fund balance.

The General Fund reported a positive change in fund balance for the year of \$12,006,134. This surplus in the current year was due primarily to the Village issuing debt.

The General Fund is the chief operating fund of the Village. At April 30, 2020, unassigned fund balance in the General Fund was \$14,020,839. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents 97.0 percent of the total General Fund expenditures.

##### **Proprietary Funds**

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

The Village reports both the Water Fund and the Sewer Fund as major proprietary funds. Water is purchased from MidMark at rate of \$4.09 per thousand gallons. Sewage is treated by the Metropolitan Water Reclamation District. Water is sold to all municipal customers at a rate of \$8.12 per thousand gallons for water and a rate of \$.74 per thousand gallons for sewer, in addition to a monthly charge of \$4.76. The spread between purchase and sale rates is intended to finance the operations of the utility system, including labor costs, supplies, and infrastructure maintenance.

The Village intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water Fund during the current fiscal year was \$603,870 and the Sewer Fund reported a deficit of \$90,656. The previous fiscal year the Water Fund reported a surplus of \$402,818 and the Sewer Fund reported a deficit of \$214,558. Unrestricted net position in the Water Fund and the Sewer Fund was \$1,819,756 and \$166,974, respectively, at April 30, 2020.

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Management's Discussion and Analysis April 30, 2020

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

##### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$15,346,165, compared to budgeted revenues of \$12,980,638. The revenues for taxes, charges for services, intergovernmental, grant reimbursement, and interest were \$1,746,244, \$28,965, \$232,563, \$301,264 and \$61,170 higher than what was originally budgeted for, respectively.

The General Fund actual expenditures for the year were \$1,066,668 higher than budgeted (\$14,457,744 actual compared to \$13,391,076 budgeted). All of the functions' actual expenditures were higher than budgeted expenditures except for the general government function and capital outlay.

##### CAPITAL ASSETS AND DEBT ADMINISTRATION

###### Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2020 was \$12,510,101 (net of accumulated depreciation). This investment in capital assets includes land, land improvements/development, building, water infrastructure, sewer system, machinery and equipment, and infrastructure.

	Capital Assets - Net of Accumulated Depreciation					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 822,139	822,139	88,900	88,900	911,039	911,039
Land Improvements/Development	116,511	18,313	2,340	2,730	118,851	21,043
Building	138,195	147,105	-	-	138,195	147,105
Water Infrastructure	-	-	7,547,373	7,735,621	7,547,373	7,735,621
Sewer System	-	-	1,285,420	1,102,524	1,285,420	1,102,524
Machinery and Equipment	1,222,683	1,465,811	613,438	709,596	1,836,121	2,175,407
Infrastructure	673,102	698,502	-	-	673,102	698,502
Totals	2,972,630	3,151,870	9,537,471	9,639,371	12,510,101	12,791,241

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Management's Discussion and Analysis April 30, 2020

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#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### Capital Assets – Continued

This year's major additions included:

Land Improvements	\$ 104,500
Machinery and Equipment	95,839
Sewer System	242,161
	<u>442,500</u>

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

##### Debt Administration

At year-end, the Village had total outstanding debt of \$20,961,974 as compared to \$12,694,524 the previous year, an increase of 65.1 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 14,921,740	5,930,800	5,423,260	5,934,200	20,345,000	11,865,000
Installment Contract	279,395	329,524	-	-	279,395	329,524
Tax Increment Financing Notes Payable	337,579	500,000	-	-	337,579	500,000
Totals	<u>15,538,714</u>	<u>6,760,324</u>	<u>5,423,260</u>	<u>5,934,200</u>	<u>20,961,974</u>	<u>12,694,524</u>

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

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

The financial condition of the Federal and State governments has had a dramatic effect on the Village of Midlothian during 2021 and is expected to continue into future years. Grant assistance is extremely competitive and previously reliable state shared revenues (especially the income tax and use tax) have been materially reduced. The Village will need to look internally and consider increasing other revenue sources and/or reduce expenditures until these larger governments get their finances in order.

The Village passed a referendum in April 2009, which enabled the Village to increase the property tax levy starting with the 2010 levy. This home rule referendum enabled the Village to increase property tax revenue and decrease deficit spending in future years. Property tax revenue from the increased levy began funding deficit operations in fiscal year 2011.

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2020**

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#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Mayor, Village of Midlothian, 14801 Pulaski, Midlothian, Illinois 60445.

## **BASIC FINANCIAL STATEMENTS**

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

**VILLAGE OF MIDLOTHIAN, ILLINOIS**

**Statement of Net Position  
April 30, 2020**

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**See Following Page**



**VILLAGE OF MIDLOTHIAN, ILLINOIS****Statement of Net Position  
April 30, 2020**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 20,939,133	4,622,712	25,561,845
Receivables - Net of Allowances			
Property Taxes	2,778,717	-	2,778,717
Accounts	272,879	907,975	1,180,854
Other	60,634	-	60,634
Due from Other Governments	601,989	-	601,989
Total Current Assets	24,653,352	5,530,687	30,184,039
Noncurrent Assets			
Capital Assets			
Nondepreciable	822,139	88,900	911,039
Depreciable	44,175,041	16,417,706	60,592,747
Accumulated Depreciation	(42,024,550)	(6,969,135)	(48,993,685)
Total Noncurrent Assets	2,972,630	9,537,471	12,510,101
Total Assets	27,625,982	15,068,158	42,694,140
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	381,807	-	381,807
Deferred Items - Police Pension	11,352,514	-	11,352,514
Deferred Items - Firefighters' Pension	7,392,250	-	7,392,250
Deferred Items - RBP	2,067,642	318,741	2,386,383
Total Deferred Outflows of Resources	21,194,213	318,741	21,512,954
Total Assets and Deferred Outflows of Resources	48,820,195	15,386,899	64,207,094

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

	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 423,428	263,176	686,604
Accrued Payroll	232,413	45,897	278,310
Deposits Payable	-	311,501	311,501
Accrued Interest	134,777	63,898	198,675
Other Payables	7,445	-	7,445
Current Portion of Long-Term Debt	936,634	329,833	1,266,467
Total Current Liabilities	1,734,697	1,014,305	2,749,002
Noncurrent Liabilities			
Compensated Absences Payable	291,208	46,841	338,049
Net Pension Liability - IMRF	1,259,818	-	1,259,818
Net Pension Liability - Police Pension	22,614,559	-	22,614,559
Net Pension Liability - Firefighters' Pension	21,220,578	-	21,220,578
Total OPEB Liability - RBP	12,566,241	1,937,170	14,503,411
General Obligation Bonds Payable - Net	15,453,233	5,470,337	20,923,570
Installment Contract	227,440	-	227,440
Tax Increment Financing Notes Payable	337,579	-	337,579
Total Noncurrent Liabilities	73,970,656	7,454,348	81,425,004
Total Liabilities	75,705,353	8,468,653	84,174,006
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	595,021	-	595,021
Deferred Items - Police Pension	2,831,580	-	2,831,580
Deferred Items - Firefighters' Pension	368,318	-	368,318
Deferred Items - RBP	152,662	23,534	176,196
Property Taxes	5,332,304	-	5,332,304
Total Deferred Inflows of Resources	9,279,885	23,534	9,303,419
Total Liabilities and Deferred Inflows of Resources	84,985,238	8,492,187	93,477,425
<b>NET POSITION</b>			
Net Investment in Capital Assets	(3,223,766)	3,749,011	525,245
Restricted			
Debt Service	862,421	453,740	1,316,161
Police	560,636	-	560,636
Fire	348,390	-	348,390
Cicero Avenue TIF	1,357,355	-	1,357,355
Illinois Municipal Retirement	566,834	-	566,834
Social Security	19,989	-	19,989
Motor Fuel Tax	773,506	-	773,506
Foreign Fire Insurance	13,015	-	13,015
Unrestricted (Deficit)	(37,443,423)	2,691,961	(34,751,462)
Total Net Position	(36,165,043)	6,894,712	(29,270,331)

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Statement of Activities

For the Fiscal Year Ended April 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 2,930,708	253,499	456,264	-
Public Safety	12,504,719	2,051,884	-	-
Public Works	3,889,567	1,111,656	546,846	-
Interest on Long-Term Debt	721,943	-	-	-
Total Governmental Activities	20,046,937	3,417,039	1,003,110	-
Business-Type Activities				
Water	2,953,922	3,481,817	-	-
Sewer	608,832	518,176	-	-
West Commuter Parking Lot	20,253	22,763	-	-
Commuter Parking Lot	145,284	131,072	-	-
Total Business-Type Activities	3,728,291	4,153,828	-	-
Total Primary Government	23,775,228	7,570,867	1,003,110	-

## General Revenues

### Taxes

#### Property

#### Other

### Intergovernmental - Unrestricted

#### Sales Tax

#### State Income Tax

#### Replacement Taxes

#### Local Use Tax

#### Municipal Gas Tax

### Interest

### Miscellaneous

## Change in Net Position

## Net Position - Beginning

## Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(2,220,945)	-	(2,220,945)
(10,452,835)	-	(10,452,835)
(2,231,065)	-	(2,231,065)
(721,943)	-	(721,943)
(15,626,788)	-	(15,626,788)
-	527,895	527,895
-	(90,656)	(90,656)
-	2,510	2,510
-	(14,212)	(14,212)
-	425,537	425,537
(15,626,788)	425,537	(15,201,251)
5,753,326	-	5,753,326
1,045,297	-	1,045,297
2,469,972	-	2,469,972
1,606,147	-	1,606,147
9,483	-	9,483
518,561	-	518,561
191,000	-	191,000
133,275	56,113	189,388
205,097	21,638	226,735
11,932,158	77,751	12,009,909
(3,694,630)	503,288	(3,191,342)
(32,470,413)	6,391,424	(26,078,989)
(36,165,043)	6,894,712	(29,270,331)

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

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Balance Sheet - Governmental Funds****April 30, 2020**

	General	Nonmajor	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 19,331,124	1,608,009	20,939,133
Receivables - Net of Allowances			
Property Taxes	2,544,394	234,323	2,778,717
Accounts	272,879	-	272,879
Other	60,634	-	60,634
Due from Other Governments	558,037	43,952	601,989
Total Assets	22,767,068	1,886,284	24,653,352
<b>LIABILITIES</b>			
Accounts Payable	423,428	-	423,428
Accrued Payroll	232,413	-	232,413
Other Payables	7,445	-	7,445
Total Liabilities	663,286	-	663,286
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	4,819,364	512,940	5,332,304
Total Liabilities and Deferred Inflows of Resources	5,482,650	512,940	5,995,590
<b>FUND BALANCES</b>			
Restricted	3,263,579	1,373,344	4,636,923
Unassigned	14,020,839	-	14,020,839
Total Fund Balances	17,284,418	1,373,344	18,657,762
Total Liabilities, Deferred Inflows of Resources and Fund Balances	22,767,068	1,886,284	24,653,352

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

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

April 30, 2020

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<b>Total Governmental Fund Balances</b>	<b>\$ 18,657,762</b>
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Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,972,630
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Deferred outflows (inflows) of resources related to the pensions not  
reported in the funds.

Deferred Items - IMRF	(213,214)
Deferred Items - Police Pension	8,520,934
Deferred Items - Firefighters' Pension	7,023,932
Deferred Items - RBP	1,914,980

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

Compensated Absences Payable	(364,010)
Net Pension Liability - IMRF	(1,259,818)
Net Pension Liability - Police Pension	(22,614,559)
Net Pension Liability - Firefighters' Pension	(21,220,578)
Total OPEB Liability - RBP	(12,566,241)
General Obligation Bonds Payable - Net	(16,265,110)
Installment Contract	(279,395)
Tax Increment Financing Notes Payable	(337,579)
Accrued Interest Payable	(134,777)

<b>Net Position of Governmental Activities</b>	<b><u>(36,165,043)</u></b>
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The notes to the financial statements are an integral part of this statement.

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2020

	General	Nonmajor	Totals
Revenues			
Taxes	\$ 6,339,432	459,191	6,798,623
Licenses, Permits and Fees	766,092	-	766,092
Charges for Services	1,819,065	-	1,819,065
Intergovernmental	4,795,163	546,846	5,342,009
Grant Reimbursement	456,264	-	456,264
Fines and Forfeits	831,882	-	831,882
Interest	133,170	105	133,275
Miscellaneous	205,097	-	205,097
Total Revenues	15,346,165	1,006,142	16,352,307
Expenditures			
General Government	1,593,997	469,097	2,063,094
Public Safety	7,732,267	13,787	7,746,054
Public Works	3,365,698	393,713	3,759,411
Capital Outlay	210,143	-	210,143
Debt Service			
Principal Retirement	829,242	-	829,242
Interest and Fiscal Charges	726,397	-	726,397
Total Expenditures	14,457,744	876,597	15,334,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	888,421	129,545	1,017,966
Other Financing Sources (Uses)			
Disposal of Capital Assets	4,250	-	4,250
Debt Issuance	13,294,300	-	13,294,300
Premium on Debt Issuance	1,343,370	-	1,343,370
Payment to Escrow Agent	(3,524,207)	-	(3,524,207)
	11,117,713	-	11,117,713
Net Change in Fund Balances	12,006,134	129,545	12,135,679
Fund Balances - Beginning	5,278,284	1,243,799	6,522,083
Fund Balances - Ending	17,284,418	1,373,344	18,657,762

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

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

For the Fiscal Year Ended April 30, 2020

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 12,135,679</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

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

Capital Outlays	183,429
Depreciation Expense	(339,812)
Disposals - Cost	(49,571)
Disposals - Accumulated Depreciation	26,714

The net effect of deferred outflows (inflows) of resources related to the pensions  
not reported in the funds.

Change in Deferred Items - IMRF	(942,660)
Change in Deferred Items - Police Pension	5,772,130
Change in Deferred Items - Firefighters' Pension	2,689,785
Change in Deferred Items - RBP	1,844,738

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

Additions to Compensated Absences Payable	(63,325)
Additions to Net Pension Liability - IMRF	694,112
Additions to Net Pension Liability - Police Pension	(8,053,561)
Additions to Net Pension Liability - Firefighters' Pension	(4,925,251)
Additions to Total OPEB Liability - RBP	(2,549,691)
Issuance of Debt	(13,294,300)
Premium on Debt Issuance	(1,343,370)
Retirement of Debt	4,515,870
Amortization of Debt Related Items	33,913

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

(29,459)

**Changes in Net Position of Governmental Activities**

(3,694,630)

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



**VILLAGE OF MIDLOTHIAN, ILLINOIS****Statement of Net Position - Proprietary Funds  
April 30, 2020**

	Business-Type Activities - Enterprise			
	Water	Sewer	Nonmajor	Totals
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 3,267,460	641,842	713,410	4,622,712
Receivables - Net of Allowances				
Accounts	793,613	114,362	-	907,975
Total Current Assets	4,061,073	756,204	713,410	5,530,687
Noncurrent Assets				
Capital Assets				
Nondepreciable	18,466	-	70,434	88,900
Depreciable	12,558,774	3,246,460	612,472	16,417,706
Accumulated Depreciation	(4,543,464)	(1,847,038)	(578,633)	(6,969,135)
Total Noncurrent Assets	8,033,776	1,399,422	104,273	9,537,471
Total Assets	12,094,849	2,155,626	817,683	15,068,158
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Items - RBP	245,184	73,557	-	318,741
Total Assets and Deferred Outflows	12,340,033	2,229,183	817,683	15,386,899

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

	Business-Type Activities - Enterprise			
	Water	Sewer	Nonmajor	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	99,690	155,307	8,179	263,176
Accrued Payroll	26,724	19,173	-	45,897
Deposits Payable	311,501	-	-	311,501
Accrued Interest	63,898	-	-	63,898
Current Portion of Long-Term Debt	322,667	7,166	-	329,833
Total Current Liabilities	824,480	181,646	8,179	1,014,305
Noncurrent Liabilities				
Compensated Absences Payable	18,177	28,664	-	46,841
General Obligation Bonds Payable - Net	5,470,337	-	-	5,470,337
Total OPEB Liability - RBP	1,490,124	447,046	-	1,937,170
Total Noncurrent Liabilities	6,978,638	475,710	-	7,454,348
Total Liabilities	7,803,118	657,356	8,179	8,468,653
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Items - RBP	18,103	5,431	-	23,534
Total Liabilities/Deferred Inflows	7,821,221	662,787	8,179	8,492,187
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,245,316	1,399,422	104,273	3,749,011
Restricted - Debt Service	453,740	-	-	453,740
Unrestricted	1,819,756	166,974	705,231	2,691,961
Total Net Position	4,518,812	1,566,396	809,504	6,894,712

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Fiscal Year Ended April 30, 2020

	Business-Type Activities - Enterprise			
	Water	Sewer	Nonmajor	Totals
Operating Revenues				
Charges for Services	\$ 2,709,542	518,176	153,835	3,381,553
Administration Fees	186,911	-	-	186,911
Debt Surcharge	585,364	-	-	585,364
Miscellaneous	21,638	-	-	21,638
Total Operating Revenues	3,503,455	518,176	153,835	4,175,466
Operating Expenses				
Operations	2,234,866	472,847	160,947	2,868,660
Capital Outlay	5,101	53,385	-	58,486
Depreciation	273,781	82,600	4,590	360,971
Total Operating Expenses	2,513,748	608,832	165,537	3,288,117
Operating Income (Loss)	989,707	(90,656)	(11,702)	887,349
Nonoperating Revenues (Expenses)				
Interest Income	54,337	-	1,776	56,113
Interest Expense	(440,174)	-	-	(440,174)
	(385,837)	-	1,776	(384,061)
Change in Net Position	603,870	(90,656)	(9,926)	503,288
Net Position - Beginning	3,914,942	1,657,052	819,430	6,391,424
Net Position - Ending	4,518,812	1,566,396	809,504	6,894,712

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended April 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 3,169,412	444,858	153,835	3,768,105
Payments to Suppliers	(1,832,658)	(183,789)	(152,768)	(2,169,215)
Payments to Employees	(306,680)	(241,486)	-	(548,166)
	1,030,074	19,583	1,067	1,050,724
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(16,910)	(242,161)	-	(259,071)
Issuance of Debt	4,770,700	-	-	4,770,700
Premium on Issuance of Debt	365,200	-	-	365,200
Payment of Debt Principal	(5,281,640)	-	-	(5,281,640)
Interest and Fiscal Charges	(440,174)	-	-	(440,174)
	(602,824)	(242,161)	-	(844,985)
Cash Flows from Investing Activities				
Interest Received	54,337	-	1,776	56,113
Net Change in Cash and Cash Equivalents	481,587	(222,578)	2,843	261,852
Cash and Cash Equivalents - Beginning	2,785,873	864,420	710,567	4,360,860
Cash and Cash Equivalents - Ending	3,267,460	641,842	713,410	4,622,712
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	989,707	(90,656)	(11,702)	887,349
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	273,781	82,600	4,590	360,971
(Increase) Decrease in Current Assets	(334,043)	(73,318)	-	(407,361)
Increase (Decrease) in Current Liabilities	100,629	100,957	8,179	209,765
Net Cash Provided (Used) by Operating Activities	1,030,074	19,583	1,067	1,050,724

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Trust and Agency Funds

### Statement of Fiduciary Net Position April 30, 2020

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 885,992	302,637
Investments		
Certificates of Deposit	994,697	-
U. S. Treasuries	359,916	-
U. S. Agencies	1,454,050	-
Corporate Obligations	395,843	-
Municipal Obligations	294,057	-
Insurance Contracts	5,880,619	-
Equity Securities	5,299,323	-
Equity Mutual Funds	7,505,754	-
Receivables - Net of Allowances		
Accrued Interest	18,868	-
Prepays	5,875	-
Total Assets	23,094,994	302,637
<b>LIABILITIES</b>		
Accounts Payable	11,437	-
Deposits Payable	-	300,820
Due to Bondholders	-	1,817
Total Liabilities	11,437	302,637
<b>NET POSITION</b>		
Net Position Restricted for Pension	23,083,557	

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Trust Funds

#### Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2020

	Pension Trust
Additions	
Contributions - Employer	\$ 1,279,695
Contributions - Plan Members	<u>412,951</u>
Total Contributions	<u>1,692,646</u>
Investment Income	
Interest Earned	546,952
Net Change in Fair Value	<u>55,995</u>
	<u>602,947</u>
Less Investment Expenses	<u>(78,754)</u>
Net Investment Income	<u>524,193</u>
Total Additions	<u>2,216,839</u>
Deductions	
Administration	79,998
Benefits and Refunds	<u>2,271,137</u>
Total Deductions	<u>2,351,135</u>
Change in Fiduciary Net Position	(134,296)
Net Position - Beginning	<u>23,217,853</u>
Net Position - Ending	<u><u>23,083,557</u></u>

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

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

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

**April 30, 2020**

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

The Village of Midlothian (Village), Illinois was first incorporated under the provisions of the constitution and general statutes of the State of Illinois. The Village operates under a board administrator form of government. The Village board consists of seven elected members that exercise all powers of the Village but are accountable to their constituents for all their actions. The Village provides the following services as authorized by its charter: public safety (police, fire, civil defense and emergency medical), highways and streets, public improvements, planning and zoning, and general administrative services.

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

#### **REPORTING ENTITY**

The Village's financial reporting entity comprises the following:

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

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### REPORTING ENTITY – Continued

##### Firefighters' Pension Employees Retirement System

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

##### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water, sewer, west commuter parking lot and commuter parking lot activities are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from 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.



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### BASIS OF PRESENTATION – Continued

##### Government-Wide Statements – Continued

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc.).

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

##### Fund Financial Statements

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

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

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

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

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

##### Governmental Funds

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### BASIS OF PRESENTATION – Continued

##### Governmental Funds – Continued

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

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains five nonmajor special revenue funds.

*Debt service funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village maintains one nonmajor debt service fund.

##### Proprietary Funds

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

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

##### Fiduciary Funds

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Fiduciary Funds – Continued

*Agency funds* are used to account for assets held by the Village in a purely custodial capacity. The Escrow Deposit Fund is used to account for the collection and use of the escrow activity. The Special Assessments Fund accounts for the collection of special assessments from property owners and payments of related special assessment debt.

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

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

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

###### Basis of Accounting

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

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

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

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements

April 30, 2020

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

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

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

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

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

##### **Receivables**

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

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

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements

April 30, 2020

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

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

##### Capital Assets

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, storm sewers and bridges are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

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

Land Improvements/Development	20 Years
Buildings	45 - 50 Years
Water Infrastructure	5 - 50 Years
Sewer System	5 - 50 Years
Machinery and Equipment	5 - 50 Years
Infrastructure	15 - 40 Years

##### Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

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

##### Long-Term Obligations

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

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

##### Net Position

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

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

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that depreciation and amortization are not budgeted to proprietary funds.

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

1. The Village Finance Chairman submits to the Village Board a proposed operating budget for the fiscal year. With the help of the budget the Village prepares an Appropriation Ordinance.
2. A public hearing is conducted to obtain taxpayer comments on the appropriation ordinance. Within the first quarter of the fiscal year the Appropriation Ordinance is legally enacted by board action.
3. Appropriation Ordinances for the General Fund, certain Special Revenue Funds, and all Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles.
4. Budgets/Appropriation authority lapses at year-end.
5. State law requires that expenditures may not exceed appropriations. Transfers may be made between line items, departments and funds. The level of legal control is at the fund level.
6. Budgeted amounts are originally adopted, or as amended. During fiscal year 2020, no supplemental budgetary appropriations were made.

The Village did not budget for the Foreign Fire Insurance Fund for the year ended April 30, 2020.

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

The following funds had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
General	\$ 1,066,668
Social Security	13,808
Police Pension	149,096



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements

April 30, 2020

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

##### DEPOSITS AND INVESTMENTS

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

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements

April 30, 2020

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

##### DEPOSITS AND INVESTMENTS – Continued

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

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

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$20,848,729 and the bank balances totaled \$21,033,843. In addition, the Village has \$4,713,116 invested in the Illinois Funds at year-end.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village has no specific investment policy on interest rate risk. The investment in the Illinois Funds has an average maturity of less than one year.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village has no specific investment policy on credit risk. At year-end, the Village's investment in the Illinois Funds has a rating of AAAm by Standard & Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village has no specific investment policy on custodial credit risk for deposits. At year-end, \$12,293,432 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no specific investment policy on custodial credit risk for investments. At year-end, the Village's investment in Illinois Funds is not subject to custodial credit risk.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village has no specific investment policy on concentration risk. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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

*Deposits.* At year-end, the carrying amount of deposits totaled \$695,973 and bank balances totaled \$705,341.

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### DEPOSITS AND INVESTMENTS – Continued

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Certificates of Deposit	\$ 994,697	-	994,697	-	-

The Fund has the following recurring fair value measurements as of April 30, 2020:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Certificates of Deposit	\$ 994,697	-	994,697	-
Equity Securities				
Insurance Contracts	4,064,220	4,064,220	-	-
Equity Securities	5,299,323	5,299,323	-	-
Mutual Funds	4,044,739	4,044,739	-	-
Total Investments by Fair Value Level	14,402,979	13,408,282	994,697	-

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

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Pension Fund's investment policy also prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### DEPOSITS AND INVESTMENTS – Continued

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

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At April 30, 2020, \$445,966 of the bank balance of the deposits was not covered by federal depository or equivalent insurance. The Fund's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance. The Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. In accordance with the investment policy, the Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the 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 Pension Fund's investment in a single issuer. In accordance with the investment policy, the Pension Fund diversifies investments to avoid incurring unreasonable risks from the practice of concentrating investments in specific security types and/or individual financial institutions. At year-end, the Fund is in compliance with the guideline outlined above. In addition to the securities and fair values listed above, the Fund also has \$5,299,323 invested in equity securities. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) invested in insurance contracts as indicated in the table on the subsequent page.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30%	2.00% - 2.75%
U.S. Large Cap Equities	45%	6.61%
U.S. Mid Cap Equities	10%	6.84%
International Equities	10%	6.83%
Cash and Cash Equivalents	5%	1.00%

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### DEPOSITS AND INVESTMENTS – Continued

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

*Concentration of Credit Risk. – Continued.* The long-term expected rate of return on the Fund's investments was determined using an asset allocation study by Raymond James, the Fund's investment management consultant, in 2019, in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2020 are listed in the table on the previous page. The Pension Fund has diversified its insurance contract and equity mutual fund holdings as follows:

<u>Insurance Contracts</u>	<u>Fair Value</u>
Protective Life Insurance Contract	\$ 3,705,374
Brighthouse Life Insurance Contract	<u>358,846</u>
Total Insurance Contracts	<u><u>4,064,220</u></u>
<u>Equity Mutual Funds</u>	<u>Fair Value</u>
Vanguard 500 Index Admiral Fund	\$ 954,588
Fidelity Select Software & IT Services Portfolio	905,793
American Funds Growth Fund of America F-2 Class Fund	529,839
American Funds AMCAP Fund	414,945
American Funds New Perspective Fund	355,217
American Funds Capital Income Builder Fund	330,921
American Funds American Balanced Fund	329,273
iShares Russell 1000 Value ETF Fund	179,189
Templeton Global Bond Fund	<u>44,974</u>
Total Equity Mutual Funds	<u><u>4,044,739</u></u>

\*Represents over 5% of Net Position Restricted for Pensions

##### Police Pension Fund Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.43%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements

April 30, 2020

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

#### DEPOSITS AND INVESTMENTS – Continued

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

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$190,019 and the bank balances totaled \$271,908.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U. S. Treasuries	\$ 359,916	-	134,072	225,844	-
U. S. Agencies	1,454,050	136	314,709	1,058,682	80,523
Corporate Obligations	395,843	17,284	214,245	164,314	-
Municipal Obligations	294,057	-	159,186	134,871	-
	<u>2,503,866</u>	<u>17,420</u>	<u>822,212</u>	<u>1,583,711</u>	<u>80,523</u>

The Fund has the following recurring fair value measurements as of April 30, 2020:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 359,916	359,916	-	-
U.S. Agencies	1,454,050	1,454,050	-	-
Corporate Obligations	395,843	395,843	-	-
Municipal Obligations	294,057	-	294,057	-
Equity Securities				
Insurance Contracts	1,816,399	1,816,399	-	-
Mutual Funds	3,461,015	3,461,015	-	-
Total Investments by Fair Value Level	<u>7,781,280</u>	<u>7,487,223</u>	<u>294,057</u>	<u>-</u>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### DEPOSITS AND INVESTMENTS – Continued

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

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

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of U.S. Government Agencies were rated AA+ and Aaa by Standard & Poor's or by Moody's Investors Services. Municipal obligations were rated A1 to AAA and Aa3 to Aa1 by Standard & Poor's or by Moody's Investors Services. Corporate obligations were rated BBB+ to AA+ and Aaa by Standard & Poor's or by Moody's Investors Services. Besides investing in securities issued by agencies of the United States Government, the Pension Fund has no other formal policy for reducing credit risk.

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At April 30, 2020, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Fund's deposits with financial institutions.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. At April 30, 2020, the U.S. Government Agencies and the State and Local obligations are held by the counterparty in the trust department. The Pension Fund limits its exposure to custodial credit risk by utilizing an independent third-party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### DEPOSITS AND INVESTMENTS – Continued

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

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. The Pension Fund's investment policy states "the Board of Trustees has consciously diversified the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio." At year-end, the Fund has over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) invested in various insurance contracts as indicated in the table on the subsequent page. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	55.0%	1.30%
Domestic Equities	40.5%	6.80% - 8.10%
International Equities	4.5%	6.80%
Cash and Cash Equivalents	0.0%	0.00%

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in June 2020 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2020 are listed in the table above.



# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### DEPOSITS AND INVESTMENTS – Continued

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

*Concentration of Credit Risk – Continued.* The Pension Fund has diversified its insurance contract and equity mutual fund holdings as follows:

<u>Insurance Contracts</u>	<u>Fair Value</u>
Talcott Resolution Life	\$ 99,709
Prosaver Platinum Insurance Contracts	<u>1,716,690</u>
Total Insurance Contracts	<u><u>1,816,399</u></u>
<u>Equity Mutual Funds</u>	<u>Fair Value</u>
AQR Lg Cap Defensive	\$ 140,996
Cohen & Steers Institutional Realty Shares	75,927
First Eagle Overseas Fund	51,029
Goldman Sachs Intl Equity	72,891
Goldman Sachs Small Cap	192,517
Hartford Core Equity Fund	232,983
Invesco Oppenheimer Dev	48,559
MFS Intl Growth CL	79,472
Pioneer Equity Income Fund	312,398
T Rowe Price Growth Stock Fund	737,784
T Rowe Price Small-Cap Growth Equity Fund	210,864
TIAA Cref Small Cap	202,291
Vanguard S&P 500 Fund	290,871
Vanguard 500 Index Fund	722,445
Victory Sycamore	<u>89,988</u>
Total Equity Mutual Funds	<u><u>3,461,015</u></u>

\*Represents over 5% of Net Position Restricted for Pensions

#### Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### PROPERTY TAXES

Property taxes for 2019 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1, and September 1. The County collects such taxes and remits them periodically.

##### CAPITAL ASSETS

###### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 822,139	-	-	822,139
Depreciable Capital Assets				
Land Improvements	85,444	104,500	-	189,944
Buildings	911,339	-	-	911,339
Machinery and Equipment	4,654,270	78,929	49,571	4,683,628
Infrastructure	38,390,130	-	-	38,390,130
	44,041,183	183,429	49,571	44,175,041
Less Accumulated Depreciation				
Land Improvements	67,131	6,302	-	73,433
Buildings	764,234	8,910	-	773,144
Machinery and Equipment	3,188,459	299,200	26,714	3,460,945
Infrastructure	37,691,628	25,400	-	37,717,028
	41,711,452	339,812	26,714	42,024,550
Total Net Depreciable Capital Assets	2,329,731	(156,383)	22,857	2,150,491
Total Net Capital Assets	3,151,870	(156,383)	22,857	2,972,630

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### CAPITAL ASSETS – Continued

#### Governmental Activities – Continued

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 13,209
Public Safety	223,161
Public Works	103,442
	<u>339,812</u>

#### Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 88,900	-	-	88,900
Depreciable Capital Assets				
Land Development	357,058	-	-	357,058
Buildings	35,000	-	-	35,000
Water Infrastructure	11,310,618	-	-	11,310,618
Sewer System	2,544,160	242,161	-	2,786,321
Machinery and Equipment	1,932,206	16,910	20,407	1,928,709
	<u>16,179,042</u>	<u>259,071</u>	<u>20,407</u>	<u>16,417,706</u>
Less Accumulated Depreciation				
Land Development	354,328	390	-	354,718
Buildings	35,000	-	-	35,000
Water Infrastructure	3,574,997	188,248	-	3,763,245
Sewer System	1,441,636	59,265	-	1,500,901
Machinery and Equipment	1,222,610	113,068	20,407	1,315,271
	<u>6,628,571</u>	<u>360,971</u>	<u>20,407</u>	<u>6,969,135</u>
Total Net Depreciable Capital Assets	<u>9,550,471</u>	<u>(101,900)</u>	<u>-</u>	<u>9,448,571</u>
Total Net Capital Assets	<u>9,639,371</u>	<u>(101,900)</u>	<u>-</u>	<u>9,537,471</u>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### CAPITAL ASSETS – Continued

##### Business-Type Activities – Continued

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

Water	\$ 273,781
Sewer	82,600
Commuter Parking Lot	<u>4,590</u>
	<u><u>360,971</u></u>

#### LONG-TERM DEBT

##### General Obligation Bonds/Alternate Revenue Source Bonds

The Village issues bonds where the Village pledges income derived from specific revenue sources to pay debt service. Alternate revenue source bonds have been issued for proprietary purposes, they are direct obligations that are backed by the full faith and credit of the Village.

The Village also issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for working capital. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds/ alternate revenue source bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source) Bonds of 2007, due in annual installments of \$35,000 to \$170,000 plus interest at 3.75% to 5.25% through January 1, 2032.	General	\$ 1,705,000	-	1,395,000 * 100,000	210,000
General Obligation (Alternate Revenue Source) Bonds of 2008, due in annual installments of \$15,000 to \$110,000 plus interest at 4.20% to 5.25% through January 1, 2033.	General	1,120,000	-	1,005,000 * 55,000	60,000

\*Refunded

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### LONG-TERM DEBT – Continued

#### General Obligation Bonds/Alternate Revenue Source Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source) Bonds of 2009, due in annual installments of \$175,000 to \$290,000 plus interest at 3.60% to 5.25% through January 1, 2021.	General	\$ 535,000	-	260,000	275,000
General Obligation Bonds of 2010A, due in annual installments of \$300,000 to \$615,000 plus interest at 1.75% to 5.25% through February 1,	General	1,340,800	-	1,124,247 * 69,113	147,440
	Water	5,934,200	-	4,975,752 * 305,888	652,560
General Obligation Refunding Bonds of 2013, due in annual installments of \$210,000 to \$325,000 plus interest at 2.00% to 3.75% through February 1,	General	1,230,000	-	295,000	935,000
General Obligation Bonds of 2019, due in annual installments of \$160,000 to \$265,000 plus interest at 4.00% through January 1, 2038.	General	-	2,910,000	-	2,910,000
General Obligation Refunding Bonds of 2019A, due in annual installments of \$240,000 to \$825,000 plus interest at 4.00% through January 1, 2034.	General	-	2,920,200	-	2,920,200
	Water	-	3,114,800	-	3,114,800

\*Refunded

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### LONG-TERM DEBT – Continued

##### General Obligation Bonds/Alternate Revenue Source Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Taxable General Obligation Refunding Bonds of 2019B, due in annual installments of \$235,000 to \$310,000 plus interest at 2.43% to 3.03% through January 1, 2030.	General	\$ -	374,100	-	374,100
	Water	-	1,655,900	-	1,655,900
General Obligation Bonds of 2020, due in annual installments of \$105,000 to \$640,000 plus interest at 3.00% to 4.00% through January 1, 2039.	General	-	7,090,000	-	7,090,000
		11,865,000	18,065,000	9,585,000	20,345,000

##### Installment Contract

The Village also issues installment contracts payable to provide funds for the purchase of capital assets. Installment contracts currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$469,589 Installment Contract (Fire Engine) of 2016 - due in annual installments of \$45,028 to \$59,946 plus interest at 3.64% through August 25, 2024.	General	\$ 329,524	-	50,129	279,395

##### Tax Increment Financing Notes Payable

On September 11, 2013, the Village signed a note for 23 years with 147<sup>th</sup> & Cierco, LLC in the amount of \$500,000 at an interest rate of 4.00% per annum. These notes will only be paid if there are incremental real estate taxes (paid from the General Fund) from which to pay it. Tax increment financing notes currently outstanding are as follows:

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### LONG-TERM DEBT – Continued

#### Tax Increment Financing Notes Payable – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Tax Increment Financing Note Payable of 2013 - Due from incremental real estate taxes, when available, with an interest rate of 3.945%.	General	\$ 500,000	-	162,421	337,579

#### Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 300,685	126,650	63,325	364,010	72,802
Net Pension Liability - IMRF	1,953,930	-	694,112	1,259,818	-
Net Pension Liability - Police	14,560,998	8,053,561	-	22,614,559	-
Net Pension Liability - Firefighters'	16,295,327	4,925,251	-	21,220,578	-
Total OPEB Liability - RBP	10,016,550	2,549,691	-	12,566,241	-
General Obligation Bonds	5,930,800	13,294,300	4,303,360	14,921,740	811,877
Plus: Unamortized Premium	33,873	1,343,370	33,873	1,343,370	-
Installment Contract	329,524	-	50,129	279,395	51,955
Tax Increment Financing Notes Payable	500,000	-	162,421	337,579	-
	<u>49,921,687</u>	<u>30,292,823</u>	<u>5,307,220</u>	<u>74,907,290</u>	<u>936,634</u>
<b>Business-Type Activities</b>					
Compensated Absences	56,615	3,872	1,936	58,551	11,710
Total OPEB Liability - RBP	1,815,682	121,488	-	1,937,170	-
General Obligation Bonds	5,934,200	4,770,700	5,281,640	5,423,260	318,123
Plus: Unamortized Premium	-	365,200	-	365,200	-
	<u>7,806,497</u>	<u>5,261,260</u>	<u>5,283,576</u>	<u>7,784,181</u>	<u>329,833</u>

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### LONG-TERM DEBT – Continued

##### Long-Term Liability Activity – Continued

For governmental-type activities, payments on the compensated absences, the net pension liabilities, the total OPEB liability, the general obligation bonds, the installment contract, and the tax increment financing notes payable are made by the General Fund.

For the business-type activities, the compensated absences and the total OPEB liability are being liquidated by the Water Fund and Sewer Fund. The general obligation bonds are liquidated by the Water Fund.

##### Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds Payable		Installment Contract		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 811,877	490,743	51,955	10,175	318,123	198,118
2022	659,963	507,069	53,847	8,283	355,037	184,443
2023	703,400	481,996	55,808	6,322	291,600	169,236
2024	657,500	454,672	57,840	4,289	377,500	157,572
2025	650,900	429,052	59,945	2,183	424,100	145,482
2026	671,100	403,748	-	-	438,900	131,754
2027	686,700	377,624	-	-	463,300	117,382
2028	721,700	350,896	-	-	473,300	102,112
2029	754,800	322,688	-	-	485,200	86,088
2030	779,200	293,103	-	-	505,800	69,390
2031	904,200	265,388	-	-	425,800	51,612
2032	1,008,400	232,270	-	-	371,600	34,580
2033	1,107,900	196,434	-	-	307,100	19,716
2034	1,019,100	158,118	-	-	185,900	7,432
2035	875,000	123,550	-	-	-	-
2036	905,000	94,950	-	-	-	-
2037	930,000	65,350	-	-	-	-
2038	965,000	34,900	-	-	-	-
2039	110,000	3,300	-	-	-	-
Totals	14,921,740	5,285,851	279,395	31,252	5,423,260	1,474,917



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### LONG-TERM DEBT – Continued

##### Pledged Future Revenues

The following table provides the pledged future revenue information for the bonds for which a revenue pledge exists:

	GO (ARS) Bond 2007	GO (ARS) Bond 2008	GO (ARS) Bond 2009
Commitment Date	1/1/2022	1/1/2021	1/1/2021
Pledge Remaining	\$ 216,300	\$ 62,820	\$ 288,750
Pledge Revenue Collected	\$ 2,988,533	\$ 2,988,533	\$ 2,988,533
Coverage of Pledged Revenue	13.82	47.57	10.35
Pledged Revenue Source	Revenues of the System	Revenues of the System	Revenues of the System
Current Year Principal and Interest Paid	\$ 179,428	\$ 111,850	\$ 286,360

##### Defeased Debt

On December 30, 2019, the Village issued \$6,035,000 General Obligation Refunding Bonds of 2019A and \$2,030,000 Taxable General Obligation Bonds of 2019B to refund \$1,395,000 of General Obligation (Alternate Revenue Source) Bonds of 2007, \$1,005,000 of General Obligation (Alternate Revenue Source) Bonds of 2008, and \$6,100,000 of General Obligation Bonds of 2010A. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Village reduced its total debt service by \$1,318,511 and obtained an economic gain of \$1,321,881.

##### Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. "The General Assembly may limit by law the amount and require referendum approval of debt to the incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts."

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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

#### LONG-TERM DEBT – Continued

##### Legal Debt Margin – Continued

To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

#### NET POSITION/FUND BALANCE

##### Net Position Classifications

Net investment in capital assets, was comprised of the following as of April 30, 2020:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,972,630
Plus: Unspent Bond Proceeds	10,685,688
Less Capital Related Debt:	
General Obligation (ARS) Bonds of 2007	(210,000)
General Obligation (ARS) Bonds of 2008	(60,000)
General Obligation (ARS) Bonds of 2009	(275,000)
General Obligation Bonds of 2010A	(147,440)
General Obligation Refunding Bonds of 2013	(935,000)
General Obligation Bonds of 2019	(2,910,000)
General Obligation Refunding Bonds of 2019A	(2,920,200)
Taxable General Obligation Refunding Bonds of 2019B	(374,100)
General Obligation Bonds of 2020	(7,090,000)
Unamortized Premium	(1,343,370)
Installment Contract of 2016	(279,395)
Tax Increment Financing Notes Payable	<u>(337,579)</u>
Net Investment in Capital Assets	<u><u>(3,223,766)</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	9,537,471
Less Capital Related Debt:	
General Obligation Bonds of 2010A	(652,560)
General Obligation Refunding Bonds of 2019A	(3,114,800)
Taxable General Obligation Refunding Bonds of 2019B	(1,655,900)
Unamortized Premium	<u>(365,200)</u>
Net Investment in Capital Assets	<u><u>3,749,011</u></u>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

##### NET POSITION/FUND BALANCES – Continued

##### Fund Balance Classifications

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

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

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

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

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

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

*Minimum Fund Balance Policy.* The Village's policy fund balance policy states that the General Fund should maintain a minimum fund balance equal to 8.5% of budgeted operating expenditures. At the current time, the Village's fund balance in the General Fund does not meet this policy. It is the goal of the Village Board to work towards reaching this policy over the next five years.

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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

#### NET POSITION/FUND BALANCES – Continued

#### Fund Balance Classifications – Continued

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

	General	Nonmajor	Totals
Restricted			
Debt Service	\$ 997,198	-	997,198
Police	560,636	-	560,636
Fire	348,390	-	348,390
Cicero Avenue TIF	1,357,355	-	1,357,355
Illinois Municipal Retirement	-	566,834	566,834
Social Security	-	19,989	19,989
Motor Fuel Tax	-	773,506	773,506
Foreign Fire Insurance	-	13,015	13,015
	<u>3,263,579</u>	<u>1,373,344</u>	<u>4,636,923</u>
Unassigned	<u>14,020,839</u>	<u>-</u>	<u>14,020,839</u>
Total Fund Balances	<u>17,284,418</u>	<u>1,373,344</u>	<u>18,657,762</u>

#### NOTE 4 – OTHER INFORMATION

#### JOINT VENTURE – CALCOMM REGIONAL JOINT ETSB

The Illinois General Assembly amended the Emergency Telephone System Act (PSAP) and mandated that Public Safety Answering Points in Counties with populations of at least 250,000 but less than 1,000,000 be consolidated to reduce the number of PSAPs by at least 50%. Therefore, as of July 2017, the City became a member of the CalComm Regional Joint ETSB (CalComm). CalComm consists of five municipalities. CalComm is an intergovernmental association established by participating local governmental entities (agencies) and pursuant to legal authority conferred by the State of Illinois. CalComm provides equipment services and other items necessary and appropriate for the establishment, operations and ongoing maintenance of a combined public safety telecommunications system for the mutual benefit of the members of CalComm.

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

### **Notes to the Financial Statements April 30, 2020**

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

##### **JOINT VENTURE – CALCOMM REGIONAL JOINT ETSB – Continued**

CalComm is governed by Board of Directors, which consists of one representative for each member of CalComm and signatory to the intergovernmental agreement and the bylaws. The Board, shall have the authority to hire, fix the salary and job descriptions, and remove the employees of CalComm with recommendation from the Executive Director. In accordance with the intergovernmental agreement, the City remitted \$51,000 to the Center for the year ended April 30, 2020, which is recorded in the City's E911 Fund.

##### **RISK MANAGEMENT – ILLINOIS COUNTIES RISK MANAGEMENT TRUST**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in the Illinois Counties Risk Management Trust (ICRMT), which is an organization of municipalities and special Villages throughout the state of Illinois, which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The Village pays annual premiums to ICRMT for its workers' compensation, general liability, property coverage and other coverage deemed necessary by the Village.

The Village assumes the first \$2,500 for the general liability and \$5,000 for every occurrence, and ICRMT has a mix of self-insurance and commercial insurance at various amounts above that level.

The Village contracts with a commercial insurance company for its health insurance, life insurance and dental coverage. To date, health insurance claims have not exceeded coverage.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past four fiscal years.

##### **CONTINGENT LIABILITIES**

###### **Litigation**

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

###### **Grants**

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

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

### **Notes to the Financial Statements April 30, 2020**

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

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

##### **Financial Impact from COVID-19**

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

##### **COMMITMENTS**

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

In July of 2014, the Village entered into an agreement with a local grocer to make three annual contributions equal to 75 percent of the sum of sales tax and home rule sales tax generated by the grocer's sales at the property. The agreement shall end fifteen years following the commencement date. Through April 30, 2020, the Village has reimbursed \$560,308, including \$123,825 in the current year. All payments have been recorded as an expenditure of the General Fund.

In February of 2017, the Village entered into an agreement with a local hardware company to make three annual contributions equal to 50 percent of the sum of sales tax and home rule sales tax generated by the hardware company's sales at the property through calendar year 2020. Through April 30, 2020 the Village has reimbursed \$30,807, including \$6,831 in the current year. All payments have been recorded as an expenditure of the General Fund.

In June of 2015, the Village entered into an agreement with a Developer to reimburse eligible redevelopment project costs in the form of a Tax Increment Revenue Note. In addition, the Village will rebate one-half or one percent, whichever is lower, of any home rule retailers' occupation tax service or home rule service occupation tax which is collected on the retail sale of motor fuel on the property. As of April 30, 2020, \$90,872 of gas tax has been rebated to the Developer, which was paid in the current year. All payments have been recorded as an expenditure of the General Fund. Refer to Note 3 – Long Term Debt for additional details on the Tax Increment Revenue Note.

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

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the Village of Midlothian, 1480 S. Pulaski Road, Midlothian, Illinois 60445.

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amount recognized for the three pension plans is:

	Net Pension Liabilities	Deferred Outflows	Deferred Inflows	Pension Expense
IMRF	\$ 1,259,818	381,807	595,021	472,544
Police Pension	22,614,559	11,352,514	2,831,580	2,826,038
Firefighters' Pension	21,220,578	7,392,250	368,318	2,970,553
	<u>45,094,955</u>	<u>19,126,571</u>	<u>3,794,919</u>	<u>6,269,135</u>

#### Illinois Municipal Retirement Fund (IMRF)

##### Plan Descriptions

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

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

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements

April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

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

#### Plan Descriptions – Continued

*Benefits Provided – Continued.* 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, 2019, the measurement date, the following Village and Library employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	39
Inactive Plan Members Entitled to but not yet Receiving Benefits	29
Active Plan Members	<u>41</u>
Total	<u><u>109</u></u>

*Contributions.* As set by statute, the Village's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2020, the Village's contribution was 11.31% of covered payroll.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

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

#### Plan Descriptions – Continued

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% - 14.25%
Cost of Living Adjustments	3.25%
Inflation	2.50%

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements

April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

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

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

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

##### Discount Rate

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

#### NOTE 4 – OTHER INFORMATION – Continued

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

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

#### Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 2,765,778	1,259,818	4,599

#### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 11,476,666	9,522,736	1,953,930
Changes for the Year:			
Service Cost	178,162	-	178,162
Interest on the Total Pension Liability	864,769	-	864,769
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	187,883	-	187,883
Changes of Assumptions	-	-	-
Contributions - Employer	-	223,040	(223,040)
Contributions - Employees	-	115,307	(115,307)
Net Investment Income	-	1,843,975	(1,843,975)
Benefit Payments, including Refunds of Employee Contributions	(612,681)	(612,681)	-
Other (Net Transfer)	-	(257,396)	257,396
Net Changes	618,133	1,312,245	(694,112)
Balances at December 31, 2019	12,094,799	10,834,981	1,259,818

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

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

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

For the year ended April 30, 2020, the Village recognized pension expense of \$472,544. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 159,096	(34,802)	124,294
Change in Assumptions	147,040	(63,912)	83,128
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(496,307)	(496,307)
Total Pension Expense to be Recognized in Future Periods	306,136	(595,021)	(288,885)
Pension Contributions Made Subsequent to the Measurement Date	75,671	-	75,671
Total Deferred Amounts Related to IMRF	381,807	(595,021)	(213,214)

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

Fiscal Year	Net Deferred (Inflows) of Resources
2021	\$ (98,064)
2022	(44,647)
2023	84,576
2024	(230,750)
2025	-
Thereafter	-
Total	(288,885)

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan

##### Plan Descriptions

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

*Plan Membership.* At April 30, 2020, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	20
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>28</u>
Total	<u><u>50</u></u>

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

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Plan Descriptions – Continued

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

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2020, the Village's contribution was 24.23% of covered payroll.

*Significant Investments.* At year-end, the Pension Plan has over 5 percent of the net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) invested in:

Investment	Amount
Protective Life Prosaver Platinum	\$ 3,705,373

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2020, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.50% - 43.69%
Cost of Living Adjustments	3.25%
Inflation	2.25%

Mortality rates are based on the assumption study prepared by an independent actuary in 2016.

##### Discount Rate

A Single Discount Rate of 4.23% was used to measure the total pension liability and the prior year used a discount rate of 5.29%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.56%, and the resulting single discount rate is 4.23%.

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

##### Discount Rate Sensitivity

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

	1% Decrease (3.23%)	Current Discount Rate (4.23%)	1% Increase (5.23%)
Net Pension Liability	\$ 30,274,890	22,614,559	16,792,678

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	\$ 29,983,290	15,422,292	14,560,998
Changes for the Year:			
Service Cost	755,725	-	755,725
Interest on the Total Pension Liability	1,551,432	-	1,551,432
Changes of Benefit Terms	226,164	-	226,164
Difference Between Expected and Actual Experience of the Total Pension Liability	(613,190)	-	(613,190)
Changes of Assumptions	7,122,410	-	7,122,410
Contributions - Employer	-	544,608	(544,608)
Contributions - Employees	-	282,165	(282,165)
Net Investment Income	-	199,306	(199,306)
Benefit Payments, including Refunds of Employee Contributions	(1,311,319)	(1,311,319)	-
Administrative Expense	-	(37,099)	37,099
Net Changes	7,731,222	(322,339)	8,053,561
Balances at April 30, 2020	37,714,512	15,099,953	22,614,559



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

##### Police Pension Plan – Continued

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

For the year ended April 30, 2020, the Village recognized pension expense of \$2,826,038. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 804,662	(541,219)	263,443
Change in Assumptions	9,809,878	(2,290,361)	7,519,517
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	737,974	-	737,974
Total Deferred Amounts Related to Police Pension	11,352,514	(2,831,580)	8,520,934

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

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 1,478,570
2022	1,526,872
2023	1,514,424
2024	1,413,162
2025	647,158
Thereafter	1,940,748
Total	8,520,934

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Fund

##### Plan Descriptions

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

*Plan Membership.* At April 30, 2020, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	17
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>16</u>
Total	<u><u>34</u></u>

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

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

##### Plan Descriptions – Continued

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

*Contributions.* Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2020, the Village's contribution was 54.84% of covered payroll.

*Significant Investments.* At year-end, the Pension Plan has over 5 percent of the net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) invested in:

Investment	Amount
Protective Life Prosaver Platinum	\$ 1,716,690

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Firefighters' Pension Plan – Continued

##### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2020, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	3.50 - 24.39%
Cost of Living Adjustments	3.25%
Inflation	2.25%

Mortality rates are based on the assumption study prepared by an independent actuary in 2016.

##### Discount Rate

A Single Discount Rate of 4.00% was used to measure the total pension liability, and the prior year used a discount rate of 4.82%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 2.56 %, and the resulting single discount rate is 4.00%.

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Notes to the Financial Statements April 30, 2020

### NOTE 4 – OTHER INFORMATION – Continued

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

##### Firefighters' Pension Plan – Continued

##### Discount Rate Sensitivity

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

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net Pension Liability	\$ 26,471,493	21,220,578	17,097,704

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	\$ 24,090,888	7,795,561	16,295,327
Changes for the Year:			
Service Cost	550,345	-	550,345
Interest on the Total Pension Liability	1,138,049	-	1,138,049
Changes of Benefit Terms	333,680	-	333,680
Difference Between Expected and Actual Experience of the Total Pension Liability	(4,786)	-	(4,786)
Changes of Assumptions	4,055,824	-	4,055,824
Contributions - Employer	-	735,087	(735,087)
Contributions - Employees	-	130,786	(130,786)
Net Investment Income	-	324,887	(324,887)
Benefit Payments, including Refunds of Employee Contributions	(959,818)	(959,818)	-
Administrative Expense	-	(42,899)	42,899
Net Changes	5,113,294	188,043	4,925,251
Balances at April 30, 2020	29,204,182	7,983,604	21,220,578

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Firefighters' Pension Plan – Continued

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

For the year ended April 30, 2020, the Village recognized pension expense of \$2,970,553. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 354,840	(4,180)	350,660
Change in Assumptions	6,886,750	(364,138)	6,522,612
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	150,660	-	150,660
Total Deferred Amounts Related to Firefighters' Pension	7,392,250	(368,318)	7,023,932

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

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 1,441,423
2022	1,440,505
2023	1,441,807
2024	1,057,655
2025	575,068
Thereafter	1,067,474
Total	7,023,932

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

##### OTHER POST-EMPLOYMENT BENEFITS

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

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

*Benefits Provided.* RBP provides healthcare benefits for retiree and their dependent. The Village will pay the same percentage of the HMO coverage premium as is paid for an active fulltime employee at the time of retirement. The retiree is responsible for any difference in cost of coverage. Once the retiree becomes eligible for Medicare, the retiree can only elect Medicare supplement coverage and the Village will pay 80% of cost of the coverage.

*Plan Membership.* As of April 30, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	46
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>79</u>
Total	<u><u>125</u></u>

###### Total OPEB Liability

The Village's total OPEB liability was measured as of April 30, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the April 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

#### Total OPEB Liability – Continued

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

Inflation	2.25%
Salary Increases	3.00%
Discount Rate	2.56%
Healthcare Cost Trend Rates	Medical: 5.50% for 2021, decreasing 0.5% to an ultimate rate of 5.0% for 2024 and later years. Dental has a rate of 3.50%
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

The discount rate was based on a combination of the expected long-term rates of return on plan assets and the municipal bond rate.

Mortality rates were based on the RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted for IMRF Experience Study dated November 8, 2017.

#### Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2019	<u>\$ 11,832,232</u>
Changes for the Year:	
Service Cost	339,561
Interest on the Total Pension Liability	439,963
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	1,481,286
Changes of Assumptions or Other Inputs	857,775
Benefit Payments	<u>(447,406)</u>
Net Changes	<u>2,671,179</u>
Balance at April 30, 2020	<u><u>14,503,411</u></u>



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

##### OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.56%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Total OPEB Liability	\$ 17,314,427	14,503,411	12,325,901

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

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

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 12,063,472	14,503,411	17,736,731

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

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

For the year ended April 30, 2020, the Village recognized OPEB expense of \$991,372. At April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,351,291	-	1,351,291
Change in Assumptions	1,035,092	(176,196)	858,896
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	<u>2,386,383</u>	<u>(176,196)</u>	<u>2,210,187</u>

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

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 211,848
2022	211,848
2023	211,848
2024	211,848
2025	211,848
Thereafter	<u>1,150,947</u>
Total	<u>2,210,187</u>

## **VILLAGE OF MIDLOTHIAN, ILLINOIS**

### **Notes to the Financial Statements April 30, 2020**

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

##### **SUBSEQUENT EVENTS**

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The Village has been allocated \$1,952,270 to be received in two installments. On September 2, 2021, the Village received their first installment of \$976,128. As of the date of these financial statements, the Village has not received their second installment.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule of Employer Contributions
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Investment Returns
  - Police Pension Fund
  - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
  - Retiree Benefit Plan
- Budgetary Comparison Schedule
  - General Fund

### Notes to the Required Supplementary Information

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Illinois Municipal Retirement Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 142,634	\$ 159,179	\$ 16,545	\$ 1,264,488	12.59%
2016	166,528	176,273	9,745	1,769,265	9.96%
2017	192,867	192,867	-	1,341,239	14.38%
2018	190,555	190,555	-	1,412,034	13.50%
2019	222,267	225,471	3,204	1,722,418	13.09%
2020	223,039	225,266	2,227	1,991,426	11.31%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015)

#### Note:

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 456,738	\$ 282,275	\$ (174,463)	\$ 1,906,842	14.80%
2016	443,988	249,587	(194,401)	2,069,805	12.06%
2017	444,232	391,087	(53,145)	2,055,763	19.02%
2018	544,259	380,510	(163,749)	2,127,715	17.88%
2019	582,485	463,127	(119,358)	2,063,780	22.44%
2020	671,655	544,608	(127,047)	2,248,025	24.23%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	100% Funded over 22 years
Asset Valuation Method	5-Year Smoothed Market Value
Inflation	2.50%
Salary Increases	3.75% - 43.94%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Adjusted for Plan Status and Illinois Public Pension Data

#### Note:

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 481,927	\$ 263,263	\$ (218,664)	\$ 1,004,569	26.21%
2016	521,814	357,591	(164,223)	1,127,685	31.71%
2017	546,538	144,854	(401,684)	1,173,216	12.35%
2018	658,267	653,927	(4,340)	1,214,279	53.85%
2019	795,166	737,213	(57,953)	1,308,175	56.35%
2020	855,888	735,087	(120,801)	1,340,416	54.84%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Market Value
Inflation	2.50%
Salary Increases	3.00% - 25.14%
Investment Rate of Return	6.75%
Retirement Age	See the Notes to the Financial Statements
Mortality	Independent Assumption Study for Firefighters' 2016

#### Note:

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

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Illinois Municipal Retirement Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2020

	<u>12/31/2014</u>
Total Pension Liability	
Service Cost	\$ 180,105
Interest	635,891
Differences Between Expected and Actual Experience	524,693
Change of Assumptions	335,837
Benefit Payments, Including Refunds of Member Contributions	<u>(428,169)</u>
Net Change in Total Pension Liability	1,248,357
Total Pension Liability - Beginning	<u>8,602,603</u>
Total Pension Liability - Ending	<u><u>9,850,960</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 159,179
Contributions - Members	65,209
Net Investment Income	499,465
Benefit Payments, Including Refunds of Member Contributions	(428,169)
Other (Net Transfers)	<u>91,750</u>
Net Change in Plan Fiduciary Net Position	387,434
Plan Net Position - Beginning	<u>8,289,852</u>
Plan Net Position - Ending	<u><u>8,677,286</u></u>
Employers Net Pension Liability	<u><u>\$ 1,173,674</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.09%
Covered Payroll	\$ 1,264,488
Employer's Net Pension Liability as a Percentage of Covered Payroll	92.82%

Note:

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



12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
139,089	171,126	158,480	157,701	178,162
723,324	773,428	775,792	809,155	864,769
158,030	132,103	(190,690)	30,898	187,883
12,493	(38,390)	(341,631)	316,583	-
(500,769)	(555,174)	(550,284)	(555,558)	(612,681)
532,167	483,093	(148,333)	758,779	618,133
9,850,960	10,383,127	10,866,220	10,717,887	11,476,666
10,383,127	10,866,220	10,717,887	11,476,666	12,094,799
176,273	225,837	195,360	244,576	223,040
65,976	67,751	67,625	73,843	115,307
42,740	595,895	1,631,499	(576,246)	1,843,975
(500,769)	(555,174)	(550,284)	(555,558)	(612,681)
214,071	68,220	(251,440)	165,255	(257,396)
(1,709)	402,529	1,092,760	(648,130)	1,312,245
8,677,286	8,675,577	9,078,106	10,170,866	9,522,736
8,675,577	9,078,106	10,170,866	9,522,736	10,834,981
1,707,550	1,788,114	547,021	1,953,930	1,259,818
83.55%	83.54%	94.90%	82.97%	89.58%
1,426,480	1,505,591	1,502,783	1,640,957	1,991,426
119.70%	118.76%	36.40%	119.07%	63.26%

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2020

	2015
Total Pension Liability	
Service Cost	\$ 554,533
Interest	1,190,417
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Changes of Benefit Terms	-
Benefit Payments, Including Refunds of Member Contributions	(1,156,971)
Net Change in Total Pension Liability	587,979
Total Pension Liability - Beginning	21,067,588
Total Pension Liability - Ending	21,655,567
Plan Fiduciary Net Position	
Contributions - Employer	\$ 282,275
Contributions - Members	409,920
Net Investment Income	978,576
Benefit Payments, Including Refunds of Member Contributions	(1,156,971)
Administrative Expense	(33,375)
Net Change in Plan Fiduciary Net Position	480,425
Plan Net Position - Beginning	13,581,190
Plan Net Position - Ending	14,061,615
Employer's Net Pension Liability	\$ 7,593,952
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.93%
Covered Payroll	\$ 1,906,842
Employer's Net Pension Liability as a Percentage of Covered Payroll	398.25%

#### Note:

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

2016	2017	2018	2019	2020
500,924	814,983	853,369	695,399	755,725
1,301,076	1,078,810	1,389,321	1,485,213	1,551,432
379,775	498,417	64,930	495,549	(613,190)
416,923	5,239,681	(3,616,826)	936,000	7,122,410
-	-	-	-	226,164
(861,674)	(975,833)	(1,102,792)	(1,265,522)	(1,311,319)
1,737,024	6,656,058	(2,411,998)	2,346,639	7,731,222
21,655,567	23,392,591	30,048,649	27,636,651	29,983,290
23,392,591	30,048,649	27,636,651	29,983,290	37,714,512
249,587	391,087	380,510	463,127	544,608
201,370	204,860	207,445	210,132	282,165
211,026	1,228,524	978,420	999,427	199,306
(861,674)	(975,833)	(1,102,792)	(1,265,522)	(1,311,319)
(39,167)	(38,681)	(42,428)	(38,741)	(37,099)
(238,858)	809,957	421,155	368,423	(322,339)
14,061,615	13,822,757	14,632,714	15,053,869	15,422,292
13,822,757	14,632,714	15,053,869	15,422,292	15,099,953
9,569,834	15,415,935	12,582,782	14,560,998	22,614,559
59.09%	48.70%	54.47%	51.44%	40.04%
2,069,805	2,055,763	2,127,715	2,063,780	2,248,025
462.35%	749.89%	591.38%	705.55%	1005.97%

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2020

	2015
Total Pension Liability	
Service Cost	\$ 257,166
Interest	997,257
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Change of Benefit Terms	-
Benefit Payments, Including Refunds of Member Contributions	(777,214)
Net Change in Total Pension Liability	477,209
Total Pension Liability - Beginning	14,143,878
Total Pension Liability - Ending	14,621,087
Plan Fiduciary Net Position	
Contributions - Employer	\$ 263,263
Contributions - Members	104,906
Net Investment Income	577,612
Benefit Payments, Including Refunds of Member Contributions	(777,214)
Administrative Expense	(51,748)
Net Change in Plan Fiduciary Net Position	116,819
Plan Net Position - Beginning	7,808,083
Plan Net Position - Ending	7,924,902
Employer's Net Pension Liability	\$ 6,696,185
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.20%
Covered Payroll	\$ 1,004,569
Employer's Net Pension Liability as a Percentage of Covered Payroll	666.57%

Note:

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

2016	2017	2018	2019	2020
413,438	488,171	511,457	512,304	550,345
746,271	953,930	1,060,044	1,099,912	1,138,049
173,342	95,481	9,192	303,362	(4,786)
5,427,717	1,607,366	(573,817)	416,755	4,055,824
-	-	-	-	333,680
(920,701)	(925,222)	(915,450)	(1,013,751)	(959,818)
5,840,067	2,219,726	91,426	1,318,582	5,113,294
14,621,087	20,461,154	22,680,880	22,772,306	24,090,888
20,461,154	22,680,880	22,772,306	24,090,888	29,204,182
357,591	144,854	653,927	737,213	735,087
107,917	110,936	146,117	124,940	130,786
(26,259)	470,622	484,156	506,866	324,887
(920,701)	(925,222)	(915,450)	(1,013,751)	(959,818)
(46,285)	(43,819)	(41,360)	(41,633)	(42,899)
(527,737)	(242,629)	327,390	313,635	188,043
7,924,902	7,397,165	7,154,536	7,481,926	7,795,561
7,397,165	7,154,536	7,481,926	7,795,561	7,983,604
13,063,989	15,526,344	15,290,380	16,295,327	21,220,578
36.15%	31.54%	32.86%	32.36%	27.34%
1,127,685	1,173,216	1,214,279	1,308,175	1,340,416
1158.48%	1323.40%	1259.21%	1245.65%	1583.13%

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information

#### Schedule of Investment Returns

April 30, 2020

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense	
2015	6.75%	
2016	1.44%	*
2017	10.03%	*
2018	7.27%	
2019	5.00%	
2020	(0.43%)	

Note:

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

\* Restated Rate

**VILLAGE OF MIDLOTHIAN, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information**

**Schedule of Investment Returns**

**April 30, 2020**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	7.79%
2016	(0.23%)
2017	6.85%
2018	7.03%
2019	6.91%
2020	4.21%

**Note:**

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

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Retiree Benefits Plan

### Required Supplementary Information

### Schedule of Changes in the Employer's Total OPEB Liability

April 30, 2020

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 346,856	345,394	339,561
Interest	415,982	434,909	439,963
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	1,481,286
Change of Assumptions or Other Inputs	(257,643)	320,044	857,775
Benefit Payments	(433,763)	(446,013)	(447,406)
Net Change in Total OPEB Liability	71,432	654,334	2,671,179
Total OPEB Liability - Beginning	11,106,466	11,177,898	11,832,232
Total OPEB Liability - Ending	11,177,898	11,832,232	14,503,411
Covered Payroll	\$ 4,305,613	4,434,782	5,902,448
Total OPEB Liability as a Percentage of Covered Payroll	259.61%	266.81%	245.72%

#### Notes:

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

*Changes of Assumptions.* Changes of assumptions related to the discount rate were made in 2018, 2019, and 2020.



# VILLAGE OF MIDLOTHIAN, ILLINOIS

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 4,593,188	4,593,188	6,339,432
Licenses, Permits and Fees	938,450	938,450	766,092
Charges for Services	1,790,100	1,790,100	1,819,065
Intergovernmental	4,562,600	4,562,600	4,795,163
Grant Reimbursement	155,000	155,000	456,264
Fines and Forfeits	690,700	690,700	831,882
Interest	72,000	72,000	133,170
Miscellaneous	178,600	178,600	205,097
Total Revenues	12,980,638	12,980,638	15,346,165
Expenditures			
General Government	1,681,490	1,681,490	1,593,997
Public Safety	6,745,616	6,745,616	7,732,267
Public Works	3,273,624	3,273,624	3,365,698
Capital Outlay	566,416	566,416	210,143
Debt Service			
Principal Retirement	791,000	791,000	829,242
Interest and Fiscal Charges	332,930	332,930	726,397
Total Expenditures	13,391,076	13,391,076	14,457,744
Excess (Deficiency) of Revenues Over (Under) Expenditures	(410,438)	(410,438)	888,421
Other Financing Sources (Uses)			
Disposal of Capital Assets	5,000	5,000	4,250
Debt Issuance	-	-	13,294,300
Premium on Debt Issuance	-	-	1,343,370
Payment to Escrow Agent	-	-	(3,524,207)
Transfers Out	(2,700,000)	(2,700,000)	-
	(2,695,000)	(2,695,000)	11,117,713
Net Change in Fund Balance	(3,105,438)	(3,105,438)	12,006,134
Fund Balance - Beginning			5,278,284
Fund Balance - Ending			17,284,418

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Nonmajor Enterprise Funds
- Budgetary Comparison Schedule – Nonmajor Enterprise Funds
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds
- Statement of Changes in Assets and Liabilities – Agency Funds
- Consolidated Year-End Financial Report

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

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### **GENERAL FUND**

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

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### **SPECIAL REVENUE FUNDS**

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

#### **Illinois Municipal Retirement Fund**

The Illinois Municipal Retirement Fund (IMRF) is used to account for the Village's participation in the Illinois Municipal Retirement Fund. This fund includes property taxes levied for the Village's contributions to the fund on behalf of its employees.

#### **Social Security Fund**

The Social Security Fund is used to account for property taxes levied for the payment of the Village's portion of Federal Social Security and Medicare taxes.

#### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for the improvements to streets and infrastructure and for the maintenance of streets and infrastructure. Financing is provided by the government's share of state gasoline taxes and any interest earnings. State law requires these gasoline taxes be used to maintain streets and associated infrastructure.

#### **Foreign Fire Insurance**

The Foreign Fire Insurance Fund is used to account for the revenues derived from the Foreign Fire Insurance Tax and disbursement of these funds for the benefit, use and maintenance related to the Fire Department.

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

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### **ENTERPRISE FUNDS**

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

#### **Water Fund**

The Water Fund is used to account for the costs related to the operation of the Village's water system. Funding is provided by user fees.

#### **Sewer Fund**

The Sewer Fund is used to account for the costs related to the operation of the Village's sewer system. Funding is provided by user fees.

#### **West Commuter Parking Lot Fund**

The West Commuter Parking Lot Fund is used to account for revenues received from the public for use of public parking and expenses used to maintain and operate the parking system.

#### **Commuter Parking Lot Fund**

The Commuter Parking Lot Fund is used to account for revenues received from the public for use of public parking and expenses used to maintain and operate the parking system.

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

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## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUNDS**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the Village's sworn police personnel. Most rules and regulations of the fund are established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by sworn police personnel at rates fixed by state statutes and by the Village through an annual property tax levy.

#### **Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the Village's sworn firefighter/paramedic personnel. Most rules and regulations of the fund are established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by sworn firefighter/paramedic personnel at rates fixed by state statutes and by the Village through an annual property tax levy.

### **AGENCY FUNDS**

#### **Escrow Deposit Fund**

The Escrow Deposit Fund is used to account for the collection and use of the escrow activity.

#### **Special Assessment Fund**

The Special Assessment Fund is used to account for the collection of special assessments from property owners and payments of related special assessment debt.

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**VILLAGE OF MIDLOTHIAN, ILLINOIS****General Fund****Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes	\$ 3,560,688	3,560,688	5,311,464
Road and Bridge Tax	2,500	2,500	54,449
Video Gaming and Cannabis Tax	292,000	292,000	290,966
Utility Tax	738,000	738,000	682,553
<b>Total Taxes</b>	<b>4,593,188</b>	<b>4,593,188</b>	<b>6,339,432</b>
<b>Licenses, Permits and Fees</b>			
Vehicle Licenses	246,000	246,000	243,054
Liquor Licenses	49,000	49,000	11,515
Business Licenses	262,000	262,000	270,237
Other Licenses	3,850	3,850	3,854
Permits and Inspections	377,600	377,600	237,432
<b>Total Licenses, Permits and Fees</b>	<b>938,450</b>	<b>938,450</b>	<b>766,092</b>
<b>Charges for Services</b>			
Garbage Collections	1,062,000	1,062,000	1,111,656
Cable Franchise Fees	231,000	231,000	208,741
Rental Income	50,000	50,000	44,758
Gun Range Rental	14,000	14,000	12,755
PEG Fees	10,000	10,000	11,540
Ambulance Service	402,100	402,100	412,994
Penalties	20,000	20,000	15,083
Fire Plan Reviews	1,000	1,000	1,538
<b>Total Charges for Services</b>	<b>1,790,100</b>	<b>1,790,100</b>	<b>1,819,065</b>
<b>Intergovernmental</b>			
Sales Tax	2,400,000	2,400,000	2,469,972
State Income Tax	1,500,000	1,500,000	1,606,147
Replacement Taxes	9,600	9,600	9,483
Local Use Tax	450,000	450,000	518,561
Municipal Gas Tax	203,000	203,000	191,000
<b>Total Intergovernmental</b>	<b>4,562,600</b>	<b>4,562,600</b>	<b>4,795,163</b>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### General Fund

#### Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Grant Reimbursement			
Reimbursement - Grant	\$ 155,000	155,000	456,264
Fines and Forfeitures			
Traffic and Circuit Court Fines	513,000	513,000	524,864
Police Department Fines	176,100	176,100	292,717
Fire Department Fines	1,600	1,600	14,301
Total Fines and Forfeitures	690,700	690,700	831,882
Interest	72,000	72,000	133,170
Miscellaneous			
Reimbursements			
Insurance	130,000	130,000	132,367
Property Damage	6,000	6,000	11,535
DOJ Overtime	20,000	20,000	18,187
Other	22,600	22,600	43,008
Total Miscellaneous	178,600	178,600	205,097
Total Revenues	12,980,638	12,980,638	15,346,165

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
General Government			
Administration			
Personnel	\$ 558,968	558,968	521,280
Contractual Services	364,000	364,000	373,673
Commodities	93,700	93,700	67,571
Miscellaneous	161,000	161,000	240,576
	<u>1,177,668</u>	<u>1,177,668</u>	<u>1,203,100</u>
Commissions			
Commodities	92,600	92,600	11,381
Miscellaneous	500	500	-
	<u>93,100</u>	<u>93,100</u>	<u>11,381</u>
Health and Welfare			
Personnel	22,000	22,000	22,181
Contractual Services	2,000	2,000	1,199
Miscellaneous	500	500	-
	<u>24,500</u>	<u>24,500</u>	<u>23,380</u>
Building and Zoning			
Personnel	276,687	276,687	271,438
Contractual Services	35,100	35,100	18,144
Commodities	26,000	26,000	26,548
Miscellaneous	6,735	6,735	8,119
	<u>344,522</u>	<u>344,522</u>	<u>324,249</u>
Historical Society			
Contractual Services	15,000	15,000	13,900
Commodities	6,000	6,000	492
Miscellaneous	100	100	-
	<u>21,100</u>	<u>21,100</u>	<u>14,392</u>
Raday Lodge			
Contractual Services	15,000	15,000	15,219
Commodities	5,100	5,100	2,276
Miscellaneous	500	500	-
	<u>20,600</u>	<u>20,600</u>	<u>17,495</u>
Total General Government	<u>1,681,490</u>	<u>1,681,490</u>	<u>1,593,997</u>



# VILLAGE OF MIDLOTHIAN, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Public Safety			
Gun Range			
Personnel	\$ -	-	637
Commodities	19,000	19,000	7,212
	19,000	19,000	7,849
Police			
Personnel	3,479,357	3,479,357	3,400,198
Contractual Services	306,000	306,000	232,489
Commodities	173,000	173,000	210,363
Miscellaneous	61,000	61,000	52,750
Employer Pension Contributions	25,000	25,000	544,608
	4,044,357	4,044,357	4,440,408
Fire			
Personnel	2,175,659	2,175,659	2,099,533
Contractual Services	182,500	182,500	207,140
Commodities	111,300	111,300	81,599
Miscellaneous	95,500	95,500	71,947
Employer Pension Contributions	25,000	25,000	735,087
	2,589,959	2,589,959	3,195,306
Dispatch			
Contractual Services	51,000	51,000	51,000
Parking Ticket Adjudication			
Personnel	4,800	4,800	4,370
Contractual Services	32,500	32,500	27,931
Commodities	4,000	4,000	5,403
	41,300	41,300	37,704
Total Public Safety	6,745,616	6,745,616	7,732,267

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Public Works			
Streets			
Personnel	\$ 655,459	655,459	679,514
Contractual Services	233,000	233,000	393,906
Commodities	336,065	336,065	494,409
Miscellaneous	828,100	828,100	649,001
	<u>2,052,624</u>	<u>2,052,624</u>	<u>2,216,830</u>
 Municipal Building			
Contractual Services	21,000	21,000	23,096
Commodities	35,000	35,000	30,801
Miscellaneous	65,000	65,000	40,593
	<u>121,000</u>	<u>121,000</u>	<u>94,490</u>
 Garbage			
Contractual Services	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,054,378</u>
 Total Public Works	<u>3,273,624</u>	<u>3,273,624</u>	<u>3,365,698</u>
 Capital Outlay			
General Government	140,416	140,416	78,476
Public Safety	272,000	272,000	124,347
Public Works	154,000	154,000	7,320
Total Capital Outlay	<u>566,416</u>	<u>566,416</u>	<u>210,143</u>
 Debt Service			
Principal Retirement	791,000	791,000	829,242
Interest and Fiscal Charges	332,930	332,930	726,397
Total Debt Service	<u>1,123,930</u>	<u>1,123,930</u>	<u>1,555,639</u>
 Total Expenditures	<u>13,391,076</u>	<u>13,391,076</u>	<u>14,457,744</u>

**VILLAGE OF MIDLOTHIAN, ILLINOIS**

**Nonmajor Governmental Funds - Special Revenue Funds**

**Combining Balance Sheet**

**April 30, 2020**

	<u>Illinois Municipal Retirement</u>
<b>ASSETS</b>	
Cash and Investments	\$ 711,178
Receivables - Net of Allowances	
Property Taxes	121,396
Due from Other Governments	<u>-</u>
Total Assets	<u><u>832,574</u></u>
<b>LIABILITIES</b>	
None	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>265,740</u>
Total Liabilities and Deferred Inflows of Resources	265,740
<b>FUND BALANCES</b>	
Restricted	<u>566,834</u>
Total Liabilities and Fund Balances	<u><u>832,574</u></u>

Social Security	Motor Fuel Tax	Foreign Fire Insurance	Totals
154,262	729,554	13,015	1,608,009
112,927	-	-	234,323
-	43,952	-	43,952
267,189	773,506	13,015	1,886,284
-	-	-	-
247,200	-	-	512,940
247,200	-	-	512,940
19,989	773,506	13,015	1,373,344
267,189	773,506	13,015	1,886,284

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Nonmajor Governmental Funds - Special Revenue Funds

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2020

	<u>Illinois Municipal Retirement</u>
Revenues	
Taxes	\$ 229,614
Intergovernmental	-
Interest	-
Total Revenues	<u>229,614</u>
Expenditures	
Current	
General Government	225,266
Public Safety	-
Public Works	-
Total Expenditures	<u>225,266</u>
Net Change in Fund Balances	4,348
Fund Balances - Beginning	<u>562,486</u>
Fund Balances - Ending	<u><u>566,834</u></u>

Social Security	Motor Fuel Tax	Foreign Fire Insurance	Totals
212,248	-	17,329	459,191
-	546,846	-	546,846
-	105	-	105
212,248	546,951	17,329	1,006,142
243,831	-	-	469,097
-	-	13,787	13,787
-	393,713	-	393,713
243,831	393,713	13,787	876,597
(31,583)	153,238	3,542	129,545
51,572	620,268	9,473	1,243,799
19,989	773,506	13,015	1,373,344

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Illinois Municipal Retirement - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 245,140	245,140	229,614
Miscellaneous	72,000	72,000	-
Total Revenues	317,140	317,140	229,614
Expenditures			
General Government			
Illinois Municipal Retirement Contributions	315,000	315,000	225,266
Net Change in Fund Balance	2,140	2,140	4,348
Fund Balance - Beginning			562,486
Fund Balance - Ending			566,834

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Social Security - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 226,000	226,000	212,248
Expenditures			
General Government			
Social Security Contributions	230,023	230,023	243,831
Net Change in Fund Balance	(4,023)	(4,023)	(31,583)
Fund Balance - Beginning			51,572
Fund Balance - Ending			19,989



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Motor Fuel Tax - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
State Allotments	\$ 371,000	371,000	546,846
Interest	50	50	105
Total Revenues	371,050	371,050	546,951
Expenditures			
Public Works	594,000	594,000	393,713
Net Change in Fund Balance	(222,950)	(222,950)	153,238
Fund Balance - Beginning			620,268
Fund Balance - Ending			773,506

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Water - Enterprise Fund

### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Billings	\$ 2,626,000	2,626,000	2,664,023
Penalties	47,000	47,000	45,519
Administration Fees	140,000	140,000	186,911
Debt Surcharge	575,000	575,000	585,364
Miscellaneous	20,000	20,000	21,638
Total Operating Revenues	3,408,000	3,408,000	3,503,455
Operating Expenses			
Operations			
Personnel Services	390,000	390,000	306,680
Contractual Services	2,354,365	2,354,365	1,860,007
Commodities	42,150	42,150	52,414
Miscellaneous	22,000	22,000	15,765
Capital Outlay	82,000	82,000	5,101
Depreciation	-	-	273,781
Total Operating Expenses	2,890,515	2,890,515	2,513,748
Operating Income	517,485	517,485	989,707
Nonoperating Revenues (Expenses)			
Interest Income	21,000	21,000	54,337
Interest Expense	(311,467)	(311,467)	(440,174)
	(290,467)	(290,467)	(385,837)
Income before Transfers	227,018	227,018	603,870
Transfers Out	(565,000)	(565,000)	-
Change in Net Position	(337,982)	(337,982)	603,870
Net Position - Beginning			3,914,942
Net Position - Ending			4,518,812

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Sewer - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Sewer Billings	\$ 505,000	505,000	510,857
Penalties	8,000	8,000	7,319
Total Operating Revenues	513,000	513,000	518,176
Operating Expenses			
Operations			
Personnel Services	298,500	298,500	241,486
Contractual Services	351,500	351,500	219,230
Commodities	9,765	9,765	12,131
Capital Outlay	344,000	344,000	53,385
Depreciation	-	-	82,600
Total Operating Expenses	1,003,765	1,003,765	608,832
Change in Net Position	(490,765)	(490,765)	(90,656)
Net Position - Beginning			1,657,052
Net Position - Ending			1,566,396

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Nonmajor Enterprise Funds****Combining Statement of Net Position  
April 30, 2020**

	West Commuter Parking Lot	Commuter Parking Lot	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 34,888	678,522	713,410
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	-	70,434	70,434
Depreciable Capital Assets	116,839	495,633	612,472
Accumulated Depreciation	(116,839)	(461,794)	(578,633)
Total Noncurrent Assets	-	104,273	104,273
Total Assets	34,888	782,795	817,683
<b>LIABILITIES</b>			
Accounts Payable	99	8,080	8,179
<b>NET POSITION</b>			
Investment in Capital Assets	-	104,273	104,273
Unrestricted	34,789	670,442	705,231
Total Net Position	34,789	774,715	809,504

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Nonmajor Enterprise Funds****Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended April 30, 2020**

	West Commuter Parking Lot	Commuter Parking Lot	Totals
Operating Revenues			
Charges for Services	\$ 22,763	131,072	153,835
Operating Expenses			
Operations	20,253	140,694	160,947
Depreciation	-	4,590	4,590
Total Operating Expenses	20,253	145,284	165,537
Operating Income (Loss)	2,510	(14,212)	(11,702)
Nonoperating Revenues (Expenses)			
Interest Income	-	1,776	1,776
Change in Net Position	2,510	(12,436)	(9,926)
Net Position - Beginning	32,279	787,151	819,430
Net Position - Ending	34,789	774,715	809,504

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows For the Fiscal Year Ended April 30, 2020

	West Commuter Parking Lot	Commuter Parking Lot	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 22,763	131,072	153,835
Payments to Suppliers	(20,154)	(132,614)	(152,768)
	<u>2,609</u>	<u>(1,542)</u>	<u>1,067</u>
Cash Flows from Investing Activities			
Interest Income	<u>-</u>	<u>1,776</u>	<u>1,776</u>
Net Change in Cash and Cash Equivalents	2,609	234	2,843
Cash and Cash Equivalents - Beginning	<u>32,279</u>	<u>678,288</u>	<u>710,567</u>
Cash and Cash Equivalents - Ending	<u><u>34,888</u></u>	<u><u>678,522</u></u>	<u><u>713,410</u></u>
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities			
Operating Income (Loss)	2,510	(14,212)	(11,702)
Adjustments to Reconcile Operating			
Income to Net Income to Net Cash			
Provided by (Used in) Operating Activities			
Depreciation Expense	-	4,590	4,590
Increase (Decrease) in Current Liabilities	<u>99</u>	<u>8,080</u>	<u>8,179</u>
Net Cash Provided (Used) by Operating Activities	<u><u>2,609</u></u>	<u><u>(1,542)</u></u>	<u><u>1,067</u></u>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### West Commuter Parking Lot - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Parking Lot Fees	\$ 23,000	23,000	22,763
Operating Expenses			
Operations			
Contractual Services	26,400	26,400	20,253
Change in Net Position	<u>(3,400)</u>	<u>(3,400)</u>	2,510
Net Position - Beginning			<u>32,279</u>
Net Position - Ending			<u>34,789</u>

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Commuter Parking Lot - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Parking Lot Fees	\$ 136,000	136,000	131,072
Operating Expenses			
Operations			
Contractual Services	111,000	111,000	75,063
Capital Outlay	67,300	67,300	65,631
Depreciation	-	-	4,590
Total Operating Expenses	178,300	178,300	145,284
Operating (Loss)	(42,300)	(42,300)	(14,212)
Nonoperating Revenues (Expenses)			
Interest Income	1,100	1,100	1,776
Miscellaneous	(1,000)	(1,000)	-
	100	100	1,776
Change in Net Position	(42,200)	(42,200)	(12,436)
Net Position - Beginning			787,151
Net Position - Ending			774,715



**VILLAGE OF MIDLOTHIAN, ILLINOIS****Pension Trust Funds****Combining Statement of Fiduciary Net Position  
April 30, 2020**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 695,973	190,019	885,992
Investments			
Certificates of Deposit	994,697	-	994,697
U. S. Treasuries	-	359,916	359,916
U. S. Agencies	-	1,454,050	1,454,050
Corporate Obligations	-	395,843	395,843
Municipal Obligations	-	294,057	294,057
Insurance Contracts	4,064,220	1,816,399	5,880,619
Equity Securities	5,299,323	-	5,299,323
Equity Mutual Funds	4,044,739	3,461,015	7,505,754
Receivables - Net of Allowances			
Accrued Interest	2,332	16,536	18,868
Prepays	4,672	1,203	5,875
Total Assets	15,105,956	7,989,038	23,094,994
<b>LIABILITIES</b>			
Accounts Payable	6,003	5,434	11,437
<b>NET POSITION</b>			
Net Position Restricted for Pensions	15,099,953	7,983,604	23,083,557

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Pension Trust Funds

### Combining Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2020

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 544,608	735,087	1,279,695
Contributions - Plan Members	282,165	130,786	412,951
Total Contributions	826,773	865,873	1,692,646
Investment Income			
Interest Earned	369,183	177,769	546,952
Net Change in Fair Value	(106,272)	162,267	55,995
	262,911	340,036	602,947
Less Investment Expenses	(63,605)	(15,149)	(78,754)
Net Investment Income	199,306	324,887	524,193
Total Additions	1,026,079	1,190,760	2,216,839
Deductions			
Administration	37,099	42,899	79,998
Benefits and Refunds	1,311,319	959,818	2,271,137
Total Deductions	1,348,418	1,002,717	2,351,135
Change in Fiduciary Net Position	(322,339)	188,043	(134,296)
Net Position Restricted for Pensions			
Beginning	15,422,292	7,795,561	23,217,853
Ending	15,099,953	7,983,604	23,083,557

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Police Pension - Pension Trust Fund****Schedule of Changes in Fiduciary Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 515,022	515,022	544,608
Contributions - Plan Members	216,436	216,436	282,165
Total Contributions	731,458	731,458	826,773
Investment Income			
Interest Earned	1,000,000	1,000,000	369,183
Net Change in Fair Value	-	-	(106,272)
	1,000,000	1,000,000	262,911
Less Investment Expenses	(67,000)	(67,000)	(63,605)
Net Investment Income	933,000	933,000	199,306
Total Additions	1,664,458	1,664,458	1,026,079
Deductions			
Administration	40,200	40,200	37,099
Benefits and Refunds	1,159,122	1,159,122	1,311,319
Total Deductions	1,199,322	1,199,322	1,348,418
Change in Fiduciary Net Position	465,136	465,136	(322,339)
Net Position Restricted for Pensions			
Beginning			15,422,292
Ending			15,099,953

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Firefighters' Pension - Pension Trust Fund****Schedule of Changes in Fiduciary Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 734,531	734,531	735,087
Contributions - Plan Members	128,689	128,689	130,786
Total Contributions	863,220	863,220	865,873
Investment Income			
Interest Earned	425,000	425,000	177,769
Net Change in Fair Value	-	-	162,267
	425,000	425,000	340,036
Less Investment Expenses	(10,564)	(10,564)	(15,149)
Net Investment Income	414,436	414,436	324,887
Total Additions	1,277,656	1,277,656	1,190,760
Deductions			
Administration	41,600	41,600	42,899
Benefits and Refunds	965,289	965,289	959,818
Total Deductions	1,006,889	1,006,889	1,002,717
Change in Fiduciary Net Position	270,767	270,767	188,043
Net Position Restricted for Pensions			
Beginning			7,795,561
Ending			7,983,604

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Agency Funds****Combining Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended April 30, 2020**

	Beginning Balances	Additions	Deductions	Ending Balances
<b>All Funds</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 303,671	-	1,034	302,637
<b>LIABILITIES</b>				
Deposits Payable	301,854	-	1,034	300,820
Due to Bondholders	1,817	-	-	1,817
Total Liabilities	303,671	-	1,034	302,637
<b>Escrow Deposit Fund</b>				
<b>ASSETS</b>				
Cash and Investments	38,353		1,034	37,319
<b>LIABILITIES</b>				
Deposits Payable	37,626		1,034	36,592
Due to Bondholders	727	-	-	727
Total Liabilities	38,353	-	1,034	37,319
<b>Special Assessments Fund</b>				
<b>ASSETS</b>				
Cash and Investments	265,318	-	-	265,318
<b>LIABILITIES</b>				
Deposits Payable	264,228	-	-	264,228
Due to Bondholders	1,090	-	-	1,090
Total Liabilities	265,318	-	-	265,318

**VILLAGE OF MIDLOTHIAN, ILLINOIS**

**Consolidated Year-End Financial Report  
April 30, 2020**

CSFA #	Program Name	State	Federal	Other	Totals
494-00-1488	Motor Fuel Tax Program	\$ 393,713	-	-	393,713
494-10-0343	State and Community Highway Safety/National Priority Safety Program	-	10,570	-	10,570
494-42-0495	Local Surface Transportation Program	-	445,694	-	445,694
	Other Grant Programs and Activities	-	179,621	-	179,621
	All Other Costs Not Allocated	-	-	22,745,630	22,745,630
	Totals	393,713	635,885	22,745,630	23,775,228



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

July 21, 2022

The Honorable Village President  
Members of the Board of Trustees  
Village of Midlothian, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Midlothian, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 21, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. According, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist and have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, describing in the accompanying schedule of findings and responses as item 2020-001, that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **Village's Response to Findings**

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

### **Purpose of this Report**

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

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



## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Schedule of Findings and Responses Year Ended April 30, 2020

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#### SIGNIFICANT DEFICIENCY

##### **Finding 2020 – 001: Audit Journal Entries**

Comment: During audit fieldwork, our testing resulted in audit adjustments in order to present materially accurate financial statements.

Recommendation: A vital process of effective internal controls is the review and subsequent adjustment of general ledger balances. This review and adjustment will aid in the appropriate budgeting and management of the City's financial activities and resources.

Management's Response: The Director of Finance, along with staff, will review year-end adjustments as part of the audit preparation process and work to reduce the number of entries proposed by the auditors and prepare fully adjusted financial statements prior to audit fieldwork.

## **SUPPLEMENTAL SCHEDULES**

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### General Obligation (Alternate Revenue Source) Bonds of 2007 April 30, 2020

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Date of Issue	September 15, 2007
Date of Maturity	January 1, 2022
Authorized Issue	\$2,750,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	\$ 105,000	8,400	113,400	2020	4,200	2021	4,200
2022	105,000	4,200	109,200	2021	2,100	2022	2,100
	210,000	12,600	222,600		6,300		6,300

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### General Obligation (Alternate Revenue Source) Bonds of 2008 April 30, 2020

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Date of Issue	September 15, 2008
Date of Maturity	January 1, 2021
Authorized Issue	\$1,550,000
Denomination of Bonds	\$5,000
Interest Rates	4.70%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	<u>\$ 60,000</u>	<u>2,820</u>	<u>62,820</u>	2020	<u>1,410</u>	2021	<u>1,410</u>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### General Obligation (Alternate Revenue Source) Bonds of 2009 April 30, 2020

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Date of Issue	July 1, 2009
Date of Maturity	January 1, 2021
Authorized Issue	\$2,700,000
Denomination of Bonds	\$5,000
Interest Rates	3.60% to 5.25%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	<u>\$ 275,000</u>	<u>13,750</u>	<u>288,750</u>	2020	<u>6,875</u>	2021	<u>6,875</u>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### General Obligation Bonds of 2010A

April 30, 2020

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Date of Issue	August 1, 2010
Date of Maturity	February 1, 2034
Authorized Issue	\$10,065,000
Denomination of Bonds	\$5,000
Interest Rates	1.75% to 5.25%
Interest Dates	February 1 and August 1
Principal Maturity Date	February 1
Payable at	Amalgamated Bank of Chicago

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2021	\$ 390,000	33,815	423,815	2020	16,907	2021	16,908
2022	410,000	17,630	427,630	2021	8,815	2022	8,815
	800,000	51,445	851,445		25,722		25,723
	147,440	Governmental					
	652,560	Business-Type					
	800,000						

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Schedule of Long-Term Debt Requirements

#### General Obligation Refunding Bonds of 2013

April 30, 2020

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Date of Issue	May 13, 2013
Date of Maturity	February 1, 2023
Authorized Issue	\$2,490,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 3.75%
Interest Dates	February 1 and August 1
Principal Maturity Date	February 1
Payable at	Amalgamated Bank of Chicago

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2021	\$ 300,000	32,788	332,788	2020	16,394	2021	16,394
2022	310,000	23,038	333,038	2021	11,519	2022	11,519
2023	325,000	12,188	337,188	2022	6,094	2023	6,094
	935,000	68,014	1,003,014		34,007		34,007

**VILLAGE OF MIDLOTHIAN, ILLINOIS****Schedule of Long-Term Debt Requirements****General Obligation Bonds of 2019****April 30, 2020**

Date of Issue	December 30, 2019
Date of Maturity	January 1, 2038
Authorized Issue	\$2,910,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	\$ -	116,723	116,723	2020	58,523	2021	58,200
2022	-	116,400	116,400	2021	58,200	2022	58,200
2023	-	116,400	116,400	2022	58,200	2023	58,200
2024	-	116,400	116,400	2023	58,200	2024	58,200
2025	160,000	116,400	276,400	2024	58,200	2025	58,200
2026	165,000	110,000	275,000	2025	55,000	2026	55,000
2027	170,000	103,400	273,400	2026	51,700	2027	51,700
2028	180,000	96,600	276,600	2027	48,300	2028	48,300
2029	185,000	89,400	274,400	2028	44,700	2029	44,700
2030	195,000	82,000	277,000	2029	41,000	2030	41,000
2031	200,000	74,200	274,200	2030	37,100	2031	37,100
2032	210,000	66,200	276,200	2031	33,100	2032	33,100
2033	220,000	57,800	277,800	2032	28,900	2033	28,900
2034	225,000	49,000	274,000	2033	24,500	2034	24,500
2035	235,000	40,000	275,000	2034	20,000	2035	20,000
2036	245,000	30,600	275,600	2035	15,300	2036	15,300
2037	255,000	20,800	275,800	2036	10,400	2037	10,400
2038	265,000	10,600	275,600	2037	5,300	2038	5,300
	<u>2,910,000</u>	<u>1,412,923</u>	<u>4,322,923</u>		<u>706,623</u>		<u>706,300</u>



# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2019A

April 30, 2020

Date of Issue	December 30, 2019
Date of Maturity	January 1, 2034
Authorized Issue	\$6,035,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	\$ -	242,071	242,071	2020	121,371	2021	120,700
2022	40,000	241,400	281,400	2021	120,700	2022	120,700
2023	565,000	239,800	804,800	2022	119,900	2023	119,900
2024	360,000	217,200	577,200	2023	108,600	2024	108,600
2025	395,000	202,800	597,800	2024	101,400	2025	101,400
2026	400,000	187,000	587,000	2025	93,500	2026	93,500
2027	400,000	171,000	571,000	2026	85,500	2027	85,500
2028	435,000	155,000	590,000	2027	77,500	2028	77,500
2029	450,000	137,600	587,600	2028	68,800	2029	68,800
2030	490,000	119,600	609,600	2029	59,800	2030	59,800
2031	825,000	100,000	925,000	2030	50,000	2031	50,000
2032	720,000	67,000	787,000	2031	33,500	2032	33,500
2033	595,000	38,200	633,200	2032	19,100	2033	19,100
2034	360,000	14,400	374,400	2033	7,200	2034	7,200
	<u>6,035,000</u>	<u>2,133,071</u>	<u>8,168,071</u>		<u>1,066,871</u>		<u>1,066,200</u>
	2,920,200	Governmental					
	<u>3,114,800</u>	Business-Type					
	<u>6,035,000</u>						

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Schedule of Long-Term Debt Requirements

### Taxable General Obligation Refunding Bonds of 2019B April 30, 2020

Date of Issue	December 30, 2019
Date of Maturity	January 1, 2030
Authorized Issue	\$2,030,000
Denomination of Bonds	\$5,000
Interest Rates	2.43% to 3.03%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

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

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	\$ -	55,899	55,899	2020	28,027	2021	27,872
2022	-	55,744	55,744	2021	27,872	2022	27,872
2023	-	55,744	55,744	2022	27,872	2023	27,872
2024	235,000	55,744	290,744	2023	27,872	2024	27,872
2025	270,000	50,034	320,034	2024	25,017	2025	25,017
2026	285,000	43,202	328,202	2025	21,601	2026	21,601
2027	315,000	35,706	350,706	2026	17,853	2027	17,853
2028	305,000	27,108	332,108	2027	13,554	2028	13,554
2029	310,000	18,476	328,476	2028	9,238	2029	9,238
2030	310,000	9,394	319,394	2029	4,697	2030	4,697
	<u>2,030,000</u>	<u>407,051</u>	<u>2,437,051</u>		<u>203,603</u>		<u>203,448</u>
	374,100	Governmental					
	<u>1,655,900</u>	Business-Type					
	<u>2,030,000</u>						

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Schedule of Long-Term Debt Requirements

### General Obligation Bonds of 2020

April 30, 2020

Date of Issue	March 19, 2020
Date of Maturity	January 1, 2039
Authorized Issue	\$7,090,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Amalgamated Bank of Chicago

## CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jul. 1	Amount	Jan. 1	Amount
2021	\$ -	182,595	182,595	2020	66,045	2021	116,550
2022	150,000	233,100	383,100	2021	116,550	2022	116,550
2023	105,000	227,100	332,100	2022	113,550	2023	113,550
2024	440,000	222,900	662,900	2023	111,450	2024	111,450
2025	250,000	205,300	455,300	2024	102,650	2025	102,650
2026	260,000	195,300	455,300	2025	97,650	2026	97,650
2027	265,000	184,900	449,900	2026	92,450	2027	92,450
2028	275,000	174,300	449,300	2027	87,150	2028	87,150
2029	295,000	163,300	458,300	2028	81,650	2029	81,650
2030	290,000	151,500	441,500	2029	75,750	2030	75,750
2031	305,000	142,800	447,800	2030	71,400	2031	71,400
2032	450,000	133,650	583,650	2031	66,825	2032	66,825
2033	600,000	120,150	720,150	2032	60,075	2033	60,075
2034	620,000	102,150	722,150	2033	51,075	2034	51,075
2035	640,000	83,550	723,550	2034	41,775	2035	41,775
2036	660,000	64,350	724,350	2035	32,175	2036	32,175
2037	675,000	44,550	719,550	2036	22,275	2037	22,275
2038	700,000	24,300	724,300	2037	12,150	2038	12,150
2039	110,000	3,300	113,300	2038	1,650	2039	1,650
	<u>7,090,000</u>	<u>2,659,095</u>	<u>9,749,095</u>		<u>1,304,295</u>		<u>1,354,800</u>

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### Long-Term Debt Requirements

#### Installment Contract (Fire Engine) of 2016

April 30, 2020

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Date of Issue	August 25, 2015
Date of Maturity	August 25, 2024
Authorized Issue	\$469,589
Interest Rate	3.64%
Interest Date	August 25
Principal Maturity Date	August 25
Payable at	Republic First National Corporation

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

Fiscal Year	Requirements		Totals
	Principal	Interest	
2021	\$ 51,955	10,175	62,130
2022	53,847	8,283	62,130
2023	55,808	6,322	62,130
2024	57,840	4,289	62,129
2025	59,945	2,183	62,128
	279,395	31,252	310,647

**VILLAGE OF MIDLOTHIAN, ILLINOIS**

**General Governmental Revenues by Source - Last Ten Fiscal Years  
April 30, 2020 (Unaudited)**

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**See Following Page**

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### General Governmental Revenues by Source - Last Ten Fiscal Years April 30, 2020 (Unaudited)

Source	2011	2012	2013	2014
Taxes	\$ 7,284,622	7,455,553	7,825,393	7,021,650
Intergovernmental	373,502	499,911	426,145	440,139
Intragovernmental	6,500	-	-	-
Licenses, Permits and Fees	442,410	519,027	516,345	601,892
Charges for Services	1,166,033	1,193,543	1,199,969	1,369,998
Fines and Forfeits	680,727	753,526	797,841	915,318
Grant Reimbursements	364,547	172,868	18,322	108,872
Interest	15,022	12,246	8,250	257
Miscellaneous	537,702	233,192	293,264	284,863
Totals	10,871,065	10,839,866	11,085,529	10,742,989

Data Source: Village Records

2015	2016	2017	2018	2019	2020
5,155,351	4,501,939	5,411,137	5,617,521	5,992,882	6,798,623
4,644,975	4,348,178	4,300,772	5,051,961	4,957,169	5,342,009
-	-	-	-	-	-
791,450	837,962	901,853	783,111	839,823	766,092
1,637,171	1,703,686	1,850,040	1,722,012	1,740,745	1,819,065
883,602	1,121,553	966,616	812,965	717,808	831,882
124,380	379,921	210,943	108,324	125,155	456,264
357	4,967	20,207	43,169	97,834	133,275
256,893	71,080	46,823	105,784	239,804	205,097
13,494,179	12,969,286	13,708,391	14,244,847	14,711,220	16,352,307

## VILLAGE OF MIDLOTHIAN, ILLINOIS

### General Governmental Expenditures by Function - Last Ten Fiscal Years April 30, 2020 (Unaudited)

Function	2011	2012	2013	2014
General Government	\$ 1,587,802	1,558,812	1,727,632	1,478,739
Public Safety	6,343,995	6,749,027	6,776,136	5,956,433
Public Works	3,305,089	3,801,280	2,448,571	2,463,746
Capital Outlay	-	-	-	74,652
Debt Service				
Principal	382,946	1,213,928	1,222,965	506,712
Interest and Fiscal Charges	422,522	546,416	441,061	465,157
Totals	12,042,354	13,869,463	12,616,365	10,945,439

Data Source: Village Records



2015	2016	2017	2018	2019	2020
1,389,371	1,543,059	1,731,933	1,668,414	1,743,339	2,063,094
5,993,221	6,210,484	6,303,679	6,698,100	7,218,184	7,746,054
2,308,402	2,461,517	2,234,573	3,089,661	2,683,621	3,759,411
168,128	886,274	425,967	706,991	365,546	210,143
622,930	662,234	817,363	839,923	837,053	829,242
403,555	394,111	381,713	351,033	317,835	726,397
10,885,607	12,157,679	11,895,228	13,354,122	13,165,578	15,334,341

# VILLAGE OF MIDLOTHIAN, ILLINOIS

## Assessed Valuations, Tax Rates, Tax Extensions and Collections - Last Nine Tax Levy Years April 30, 2020 (Unaudited)

	2011	2012	2013
Assessed Valuations			
Village	\$ 225,235,755	204,885,426	191,699,375
Tax Rates - Village			
General:			
Corporate	0.19690	0.18510	0.19530
Bond & Interest	-	-	0.03340
Street and Bridge	0.25150	0.17950	0.21170
Fire Protection	0.38460	0.28400	0.34980
Fire Pension	0.14100	0.18880	0.16610
Police Protection	0.23050	0.40870	0.51470
Police Pension	0.12170	0.17160	0.16570
IMRF	0.12580	0.18100	0.19340
Social Security	0.12350	0.13570	0.14510
	1.57550	1.73440	1.97520
Tax Rates - Library			
Corporate	0.50940	0.55900	-
Total Tax Rates	2.08490	2.29340	1.97520
Tax Extensions - Village			
General:			
Corporate	\$ 443,456	379,243	374,389
Bond & Interest	-	-	64,028
Street and Bridge	566,500	367,769	405,828
Fire Protection	866,230	581,875	670,564
Fire Pension	317,670	386,824	318,413
Police Protection	519,120	837,367	986,677
Police Pension	274,024	351,583	317,646
IMRF	283,250	370,843	370,747
Social Security	278,100	278,030	278,156
	3,548,350	3,553,534	3,786,448
Tax Extensions - Library			
Corporate	1,147,214	1,145,310	-
Total Tax Extensions	4,695,564	4,698,844	3,786,448
Total Collected	4,249,295	4,164,205	3,535,531
Percent Collected	90.50%	88.62%	93.37%

The Library was reported as a component unit for the fiscal year ended April 30, 2013 and prior.

2014	2015	2016	2017	2018	2019
180,333,200	172,028,914	179,392,639	204,138,203	197,865,319	196,157,893
0.18010	0.39000	0.22940	0.18120	0.19240	-
0.41800	0.46240	0.44550	0.35940	0.37190	0.39130
0.07940	0.08570	0.08470	0.07660	0.07910	0.07980
0.39810	0.42980	0.42460	0.38430	0.40840	0.41300
0.19710	0.12370	0.28640	0.32960	0.36940	0.49030
0.58600	0.63270	0.62500	0.56570	0.60110	0.61310
0.15410	0.20630	0.21010	0.21480	0.25510	0.41230
0.20560	0.16170	0.15970	0.11360	0.12390	0.13550
0.15420	0.11970	0.11830	0.11010	0.11450	0.12600
2.37260	2.61200	2.58370	2.33530	2.51580	2.66130
-	-	-	-	-	-
2.37260	2.61200	2.58370	2.33530	2.51580	2.66130
324,780	670,913	411,527	369,898	380,693	-
753,793	795,462	799,194	733,673	735,861	767,604
143,185	147,429	151,946	156,370	156,511	156,446
717,906	739,380	761,701	784,503	808,082	810,108
355,437	212,800	513,781	672,840	730,914	961,829
1,056,753	1,088,427	1,121,204	1,154,810	1,189,368	1,202,644
277,893	354,896	376,904	438,489	504,754	808,805
370,765	278,171	286,490	231,901	245,155	265,740
278,074	205,919	212,221	224,756	226,556	247,200
4,278,586	4,493,397	4,634,968	4,767,240	4,977,894	5,220,376
-	-	-	-	-	-
4,278,586	4,493,397	4,634,968	4,767,240	4,977,894	5,220,376
3,530,152	4,374,870	4,569,889	4,445,924	4,631,714	2,553,588
82.51%	97.36%	98.60%	93.26%	93.05%	48.92%

# **VILLAGE OF MIDLOTHIAN, ILLINOIS**

## **Property Tax Levies and Collections - Last Ten Tax Levy Years April 30, 2020 (Unaudited)**

Tax Levy Year	Tax Levy Extensions	Total Collections to Date	
		Amount	Percentage of Levy
2010	\$ 4,723,383	\$ 4,446,485	94.14%
2011	4,695,564	4,249,295	90.50%
2012	4,698,842	4,164,205	88.62%
2013	3,786,446	3,535,531	93.37%
2014	4,278,586	3,530,152	82.51%
2015	4,493,395	4,374,870	97.36%
2016	4,634,968	4,569,889	98.60%
2017	4,767,239	4,445,924	93.26%
2018	4,977,896	4,631,714	93.05%
2019	5,220,376	2,553,588	48.92%

The Library was reported as a component unit for the fiscal year ended April 30, 2013 and prior.