

Village of Richton Park, Illinois

Annual Financial Report

For the Year Ended April 30, 2018



VILLAGE OF RICHTON PARK, ILLINOIS

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Richton Park (the "Village"), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conduct our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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 Richton Park, as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information have been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of Legal Debt Margin has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Wipfli LLP

Chicago, Illinois
August 27, 2018

Management's Discussion and Analysis

**VILLAGE OF RICHTON PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
ASSETS						
Cash and other assets	\$ 0.88	\$ 1.58	\$ 4.53	\$ 2.58	\$ 5.41	\$ 4.16
Capital assets	16.78	17.00	13.08	11.14	29.86	28.14
Total assets	<u>17.66</u>	<u>18.58</u>	<u>17.61</u>	<u>13.72</u>	<u>35.27</u>	<u>32.30</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total assets and deferred inflows of resources	<u>4.98</u>	<u>5.70</u>	<u>0.28</u>	<u>0.11</u>	<u>5.26</u>	<u>5.81</u>
	<u>22.64</u>	<u>24.28</u>	<u>17.89</u>	<u>13.83</u>	<u>40.53</u>	<u>38.11</u>
LIABILITIES						
Current liabilities	1.77	1.37	0.48	0.25	2.25	1.62
Non-current liabilities	16.89	21.90	6.89	2.62	23.78	24.52
Total liabilities	<u>18.66</u>	<u>23.27</u>	<u>7.37</u>	<u>2.87</u>	<u>26.03</u>	<u>26.14</u>
DEFERRED INFLOWS OF RESOURCES						
Total liabilities and deferred inflows of resources	<u>7.86</u>	<u>3.18</u>	<u>0.00</u>	<u>0.00</u>	<u>7.86</u>	<u>3.18</u>
	<u>26.52</u>	<u>26.45</u>	<u>7.37</u>	<u>2.87</u>	<u>33.89</u>	<u>29.32</u>
NET POSITION	<u>\$ (3.88)</u>	<u>\$ (2.17)</u>	<u>\$ 10.52</u>	<u>\$ 10.96</u>	<u>\$ 6.64</u>	<u>\$ 8.79</u>

The Village's combined assets (governmental activities and business-type activities) exceeded liabilities at the close of the most recent year. Net position decreased 24% in fiscal year 2018. The net position of governmental activities decreased by \$1.71 million, primarily due to increase in deferred inflows arising from certain changes in the IMRF liabilities, while net position of business-type activities decreased by \$0.44 million.

A portion of net position reflects the Village's investment in capital assets, less any outstanding related debt used to acquire those assets. 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.

**VILLAGE OF RICHTON PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Activities

The following table reflects the condensed Statement of Activities:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for Services	\$ 1.02	\$ 0.82	\$ 4.09	\$ 4.01	\$ 5.11	\$ 4.83
Capital Grants & Contributions	0.65	0.42	0.00	0.00	0.65	0.42
Operating Grants & Contributions	0.00	0.00	0.00	0.00	0.00	0.00
Total Program Revenues	<u>1.67</u>	<u>1.24</u>	<u>4.09</u>	<u>4.01</u>	<u>5.76</u>	<u>5.25</u>
General Revenues:						
Property taxes	5.01	2.99	0.00	0.00	5.01	2.99
Other taxes	4.55	4.29	0.00	0.00	4.55	4.29
Other	1.36	(0.69)	0.00	0.00	1.36	(0.69)
Total General Revenues	<u>10.92</u>	<u>6.59</u>	<u>0.00</u>	<u>0.00</u>	<u>10.92</u>	<u>6.59</u>
TOTAL REVENUES	<u>12.59</u>	<u>7.83</u>	<u>4.09</u>	<u>4.01</u>	<u>16.68</u>	<u>11.84</u>
PROGRAM EXPENSES						
General government	2.95	3.03	0.00	0.00	2.95	3.03
Public safety	7.66	7.27	0.00	0.00	7.66	7.27
Public works	0.83	0.68	0.00	0.00	0.83	0.68
Culture and recreation	0.39	0.51	0.00	0.00	0.39	0.51
Economic development	2.45	0.71	0.00	0.00	2.45	0.71
Interest and fees	0.02	0.03	0.00	0.00	0.02	0.03
Sewer and water	0.00	0.00	3.07	2.63	3.07	2.63
Refuse	0.00	0.00	1.17	1.10	1.17	1.10
Commuter parking lot	0.00	0.00	0.29	0.19	0.29	0.19
TOTAL EXPENSES	<u>14.30</u>	<u>12.23</u>	<u>4.53</u>	<u>3.92</u>	<u>18.83</u>	<u>16.15</u>
Changes in Net Position	<u>(1.71)</u>	<u>(4.40)</u>	<u>(0.44)</u>	<u>0.09</u>	<u>(2.15)</u>	<u>(4.31)</u>
Net Position - Beginning of year,	<u>(2.17)</u>	<u>2.23</u>	<u>10.96</u>	<u>10.87</u>	<u>8.79</u>	<u>13.10</u>
Net Position - End of year	<u>\$ (3.88)</u>	<u>\$ (2.17)</u>	<u>\$ 10.52</u>	<u>\$ 10.96</u>	<u>\$ 6.64</u>	<u>\$ 8.79</u>

**VILLAGE OF RICHTON PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Key Factors in the Change in Net Position in the Governmental Activities:

Governmental activities decreased the net position of the Village by \$1.71 million, accounting for a 24% decrease in the Village's total net position. Total governmental activities revenues were \$12.59 million while governmental activities total expenses were \$14.30 million. Governmental activities accounted for 56% of the total revenues and 76% of the total expenses in fiscal year 2018. Total governmental activities revenues were \$7.83 million while governmental activities total expenses were \$12.23 million in fiscal year 2017. This represented 65% of total revenues and 76% of total expenses in fiscal year 2017.

Total governmental activities revenues were significantly higher is due to \$1.9 million property taxes related to the TIF Lakewood Fund. The increase in economic development expenses of \$1.84 million was directly related to the economic incentive activity in the TIF districts.

Key Factors in the Change in Net Position in Business-Type Activities:

Business-type activities saw a decrease in net position of \$0.44 million accounting for a 4% decrease in the Village's business-type activities net position. Total business-type activities revenues were \$4.09 million while business-type activities total expenses were \$4.53 million. Business-type activities accounted for 25% of total revenues and 24% of total Village expenses in fiscal year 2018. This compares to 34% of total revenues and 24% of total expenses in fiscal year 2017.

Total business-type revenues increased 2% while business-type activities total expenses increased 16%. Total business-type activities revenues increased due to a rate increase enacted during 2017. Business-type expenses increased due to debt issuance costs related to the issuance of the 2017 bond series which was used for infrastructure improvements. Personnel costs also increased by approximately \$238,000.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As previously mentioned, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The following is a brief discussion of the financial highlights from the fund financial statements.

Governmental Funds – The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. 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 a combined ending fund balance of \$(4.40) million, a decrease of \$1.9 million from the previous year. The General Fund is the chief operating fund of the Village and accounts for many of the major functions of the government including general government, public safety, and planning. At the end of the fiscal year, the total fund balance of the General Fund was \$(.30) million.

This General Fund balance reflects a decrease of \$0.7 million from the prior year's fund balance of \$0.40 million. Total General Fund revenues and other financing sources were \$9.7 million while total expenditures were \$10.4 million in fiscal year 2018. Property tax revenues were \$2.8 million versus \$2.7 million of revenue in the previous year, reflecting the increase in the equalized assessed value of the Village from \$137.7 million to \$149.9 million.

VILLAGE OF RICHTON PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund revenues and other financing sources decreased 1% while expenditures increased 8% in fiscal year 2018. The increase in General Fund expenditures was tied specifically to increase in contributions made by the Village to the police pension fund due to a new funding requirement during FY18.

Proprietary Funds – The budget approved for the Water and Sewer fund reflected expenditures in excess of revenue by approximately \$1.5 million, which was for the purchases of new water meters and related debt issuance costs. Compared to fiscal year 2017, all other operating expenses were stable year over year.

Budgetary Highlights

The Village's annual budget is the legally adopted expenditure control document of the Village. Budgetary comparison schedules are required for the General Fund and major special revenue funds. These schedules compare the adopted budget and the actual expenditures prepared on a budgetary basis. Budgetary schedules for other governmental funds are also presented beginning on page 50.

General Fund actual revenues of \$9.7 million were \$1.0 million over budgeted revenues of \$8.7 million. Actual expenditures were \$2.2 million over budget.

Capital Assets – The Village's investment in capital assets for its governmental and business-type activities amounts to \$29.86 million (net of accumulated depreciation). This investment in capital assets includes land, other improvements, machinery and equipment, and infrastructure. Infrastructure assets are items that are normally immovable and have value only to the Village, such as streets, street lighting systems, and storm drainage systems. More detailed information about the Village's capital assets is presented in Note 4 to the financial statements. During the fiscal year, the Village had capital asset additions of \$3.3 million consisting of \$3.1 million in land improvements, water meters and towers and street lighting projects and \$.2 million on vehicles and other equipment.

The following table provides a breakdown of the Village's capital asset activity (in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	6.28	6.28	0.57	0.57	6.85	6.85
Land improvements	0.49	0.49	1.41	1.33	1.90	1.82
Infrastructure	6.57	6.24	12.28	11.85	18.85	18.09
Buildings	4.61	4.61	3.26	3.26	7.87	7.87
Building improvements	0.56	0.56	0.00	0.00	0.56	0.56
Vehicles	3.33	3.24	0.91	0.91	4.24	4.15
Equipment	0.94	0.91	2.38	0.48	3.32	1.39
Less: Accumulated						
Depreciation	(6.00)	(5.33)	(7.73)	(7.26)	(13.73)	(12.59)
	<u>\$ 16.78</u>	<u>\$ 17.00</u>	<u>\$ 13.09</u>	<u>\$ 11.14</u>	<u>\$ 29.86</u>	<u>\$ 28.14</u>

VILLAGE OF RICHTON PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration –At the end of the fiscal year, the Village had a total bonded debt outstanding of \$7.5 million. This amount represents bonds secured by specified revenue sources, namely property taxes. The Village's outstanding compensated absences liability was \$0.9 million at April 30, 2018. More detailed information about the Village's debt administration is presented in Note 5 to the financial statements.

The following schedule shows the outstanding long-term debt of the Village as of April 30, 2018 and 2017:

Outstanding Long-Term Debt
(In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds and Notes	\$ 0.64	\$ 0.81	\$ 6.87	\$ 2.59	\$ 7.51	\$ 3.40
Capital Lease Obligation	0.58	0.76	0.00	0.00	0.58	0.76
Compensated Absences	0.88	0.90	0.03	0.02	0.91	0.92
Total	\$ 2.10	\$ 2.47	\$ 6.90	\$ 2.61	\$ 9.00	\$ 5.08

Economic Factors

The Village annually updates its Five-Year Plan which was originated in November 2007. The Village sets rates for the enterprise funds and vehicle stickers on an annual basis. In addition, the Village adopted a procedure to allocate overhead costs from the General Fund service departments to the Proprietary Funds. The main goal of the Five-Year Plan is to restore sufficient cash reserves to the funds. Like most other organizations, the Village strives to maintain programs and services during the slow economic recovery being experienced locally. Village expenditures face pressure from increased labor, pension, and health care costs. This is offset by actuarial requirements for the Village's pension funds and a continuing need to address aging infrastructure and equipment. The Village carefully reviews vacant positions prior to hiring due to uncertainty with the State's budget. There is also a continued need to address infrastructure needs with new revenue sources. The Village continues to focus on new economic development in the Village that will enhance the Village's revenue base and allow the Village to maintain the current level of service to its residents and business owners.

Requests for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning the report or requests for additional financial information should be directed to the Finance Director, Village of Richton Park, 4455 Sauk Trail, Richton Park, Illinois 60471.

Basic Financial Statements

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 895,518	\$ 1,371,959	\$ 2,267,477
Investments	302,112	0	302,112
Receivables			
Property taxes	1,505,980	0	1,505,980
State taxes	594,252	0	594,252
Accounts	11,868	543,534	555,402
Prepaid items	177,665	0	177,665
Internal balances	(2,611,937)	2,611,937	0
Capital assets, net of depreciation	16,777,138	13,084,722	29,861,860
Total assets	<u>\$ 17,652,596</u>	<u>\$ 17,612,152</u>	<u>\$ 35,264,748</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	\$ 0	\$ 280,355	\$ 280,355
Pension items - IMRF	1,445,548	0	1,445,548
Pension items - Police Pension Fund	3,538,567	0	3,538,567
Total deferred outflows of resources	<u>4,984,115</u>	<u>280,355</u>	<u>5,264,470</u>
Total assets and deferred outflows of resources	<u>\$ 22,636,711</u>	<u>\$ 17,892,507</u>	<u>\$ 40,529,218</u>
LIABILITIES			
Accounts payable	\$ 1,228,382	\$ 233,364	\$ 1,461,746
Accrued payroll and related liabilities	289,720	356	290,076
Unearned revenue	0	155,432	155,432
Deposits	187,008	5,754	192,762
Due to fiduciary funds	62,381	0	62,381
Accrued interest	3,000	83,800	86,800
Noncurrent liabilities			
Due within one year	356,191	430,000	786,191
Due in more than one year	1,745,363	6,458,959	8,204,322
Net pension liability - IMRF	2,100,088	0	2,100,088
Net pension liability - Police Pension Fund	12,344,473	0	12,344,473
Other post employment benefit liability	335,916	0	335,916
Total liabilities	<u>\$ 18,652,522</u>	<u>\$ 7,367,665</u>	<u>\$ 26,020,187</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax	\$ 1,505,980	\$ 0	\$ 1,505,980
Pension items - IMRF	1,149,427	0	1,149,427
Pension items - Police Pension Fund	5,215,201	0	5,215,201
Total deferred inflows of resources	<u>\$ 7,870,608</u>	<u>\$ 0</u>	<u>\$ 7,870,608</u>
NET POSITION			
Net investment in capital assets	\$ 14,675,584	\$ 6,195,763	20,871,347
Restricted	4,038,922	0	4,038,922
Unrestricted (deficit)	(22,600,925)	4,329,079	(18,271,846)
Total net position	<u>\$ (3,886,419)</u>	<u>\$ 10,524,842</u>	<u>\$ 6,638,423</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 22,636,711</u>	<u>\$ 17,892,507</u>	<u>\$ 40,529,218</u>

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF ACTIVITIES
 April 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,948,078	\$ 1,016,832	\$ 0	\$ 647,302	\$ (1,283,944)	\$ 0	\$ (1,283,944)
Public safety	7,660,176	0	0	0	(7,660,176)	0	(7,660,176)
Public works	828,880	0	0	0	(828,880)	0	(828,880)
Culture and recreation	393,632	0	0	0	(393,632)	0	(393,632)
Economic development	2,450,573	0	0	0	(2,450,573)	0	(2,450,573)
Interest and fees (unallocated)	23,587	0	0	0	(23,587)	0	(23,587)
Total governmental activities	14,304,926	1,016,832	0	647,302	(12,640,792)	0	(12,640,792)
Business-type activities:							
Water and sewer	3,055,191	2,930,252	0	0	0	(124,939)	(124,939)
Refuse	1,182,969	982,228	0	0	0	(200,741)	(200,741)
Commuter parking lot	287,914	173,524	0	0	0	(114,390)	(114,390)
Total business-type activities	4,526,074	4,086,004	0	0	0	(440,070)	(440,070)
Total primary government	\$ 18,831,000	\$ 5,102,836	\$ 0	\$ 647,302	\$ (12,640,792)	\$ (440,070)	\$ (13,080,862)
General revenues:							
Taxes:							
Property					5,014,923	0	5,014,923
State shared					3,682,222	0	3,682,222
Utility					868,926	0	868,926
Licenses and permits					658,080	0	658,080
Fines and forfeitures					383,748	0	383,748
Miscellaneous					309,049	0	309,049
Interest					2,644	0	2,644
Gains on disposal of capital assets					6,120	0	6,120
Total general revenues					10,925,712	0	10,925,712
Change in net position					\$ (1,715,080)	\$ (440,070)	\$ (2,155,150)
Net position, beginning of year					(2,171,339)	10,964,912	8,793,573
Net position, end of year					\$ (3,886,419)	\$ 10,524,842	\$ 6,638,423

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
April 30, 2018

	Major Funds					Total Governmental Funds
	General Fund	TIF Crossings Fund	TIF Lakewood Fund	TIF Sauk Trail Governor's Highway Fund	Non-major Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 101,462	\$ 204,579	\$ 109,023	\$ 180,085	\$ 300,369	895,518
Investments	240,741	0	0	0	61,371	302,112
Receivables						
Property taxes	1,442,450	0	0	0	63,530	1,505,980
State taxes	594,252	0	0	0	0	594,252
Accounts	11,238	0	0	0	630	11,868
Prepaid items	177,665	0	0	0	0	177,665
Due from other funds	3,317,562	3,877,937	210,000	4,555	242,645	7,652,699
Total assets	\$ 5,885,370	\$ 4,082,516	\$ 319,023	\$ 184,640	\$ 668,545	\$ 11,140,094
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,113,163	\$ 0	\$ 4,980	\$ 4,459	\$ 105,780	\$ 1,228,382
Accrued payroll and related liabilities	289,720	0	0	0	0	289,720
Deposits	183,508	0	3,500	0	0	187,008
Due to fiduciary funds	62,381	0	0	0	0	62,381
Due to other funds	3,094,193	203,072	2,742,820	2,364,057	1,860,494	10,264,636
Total liabilities	\$ 4,742,965	\$ 203,072	\$ 2,751,300	\$ 2,368,516	\$ 1,966,274	\$ 12,032,127
Deferred inflows of resources:						
Unavailable property taxes	1,442,450	0	0	0	63,530	1,505,980
Fund balances:						
Nonspendable:						
Prepaid items	177,665	0	0	0	0	177,665
Restricted:						
Economic development	0	3,879,444	0	0	101,088	3,980,532
Public safety	0	0	0	0	58,390	58,390
Unassigned	(477,710)	0	(2,432,277)	(2,183,876)	(1,520,737)	(6,614,600)
Total fund balances (deficit)	(300,045)	3,879,444	(2,432,277)	(2,183,876)	(1,361,259)	(2,398,013)
Total liabilities, deferred inflows of resources and fund balances	\$ 5,885,370	\$ 4,082,516	\$ 319,023	\$ 184,640	\$ 668,545	\$ 11,140,094

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
April 30, 2018

Total Fund Balance - Governmental Funds		\$ (2,398,013)
Amounts reported for governmental activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds:		
Capital assets	22,777,643	
Accumulated depreciation	<u>(6,000,505)</u>	
Net capital assets		16,777,138
Net pension liability for the Illinois Municipal Retirement Fund and Police Pension Fund are recorded in the statement of net position:		
Illinois Municipal Retirement Fund		(2,100,088)
Police Pension Fund		(12,344,473)
Differences between expected and actual experiences, assumption changes net differences between projected and actual earnings, are recognized as deferred outflows and deferred inflows of resources.		
Illinois Municipal Retirement Fund		296,121
Police Pension Fund		(1,676,634)
Net other post employment benefit obligations are not recorded in governmental funds but are recorded as a liability in the statement of net position.		
		(335,916)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
These liabilities consist of:		
Bonds payable		(180,856)
Loans payable		(459,522)
Capital lease obligation		(580,373)
Accrued interest		(3,000)
Compensated absences		<u>(880,803)</u>
Net Position of Governmental Activities		<u>\$ (3,886,419)</u>

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2018

	Major Funds					Total Governmental Funds
	General Fund	TIF Crossings Fund	TIF Lakewood Fund	TIF Sauk Trail Governor's Highway Fund	Non-major Governmental Funds	
REVENUES						
Taxes:						
Property	\$ 2,749,775	\$ 0	\$ 1,906,654	\$ 124,587	\$ 233,907	\$ 5,014,923
State shared	3,310,439	0	0	0	371,783	3,682,222
Utilities	868,926	0	0	0	0	868,926
Licenses and permits	658,080	0	0	0	0	658,080
Fines and forfeitures	339,958	0	0	0	43,790	383,748
Charges for services	785,386	0	0	0	231,446	1,016,832
Grants	647,302	0	0	0	0	647,302
Interest	2,483	0	0	0	161	2,644
Miscellaneous	<u>309,049</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>309,049</u>
Total revenues	\$ 9,671,398	\$ 0	\$ 1,906,654	\$ 124,587	\$ 881,087	\$ 12,583,726
EXPENDITURES						
Current:						
General government	\$ 1,999,658	\$ 0	\$ 0	\$ 0	\$ 368	\$ 2,000,026
Public safety	7,413,597	0	0	0	20,919	7,434,516
Public works	526,159	0	0	0	278,614	804,773
Culture and recreation	0	0	0	0	393,632	393,632
Economic development	0	4,295	1,885,917	248,160	172,954	2,311,326
Debt service:						
Principal	287,394	0	0	0	60,286	347,680
Interest	18,998	0	0	0	6,289	25,287
Capital outlay	<u>161,856</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>280,972</u>	<u>442,828</u>
Total expenditures	\$ 10,407,662	\$ 4,295	\$ 1,885,917	\$ 248,160	\$ 1,214,034	\$ 13,760,068
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(736,264)</u>	<u>(4,295)</u>	<u>20,737</u>	<u>(123,573)</u>	<u>(332,947)</u>	<u>(1,176,342)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gains on sale of capital assets	<u>6,120</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,120</u>
Total other financing sources (uses)	\$ 6,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,120
NET CHANGE IN FUND BALANCES	(730,144)	(4,295)	20,737	(123,573)	(332,947)	(1,170,222)
FUND BALANCE (DEFICIT), Beginning of year	<u>430,099</u>	<u>3,883,739</u>	<u>(2,453,014)</u>	<u>(2,060,303)</u>	<u>(1,028,312)</u>	<u>(1,227,791)</u>
FUND BALANCE (DEFICIT), End of year	\$ <u>(300,045)</u>	\$ <u>3,879,444</u>	\$ <u>(2,432,277)</u>	\$ <u>(2,183,876)</u>	\$ <u>(1,361,259)</u>	\$ <u>(2,398,013)</u>

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO
TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2018

Net Change in Fund Balances - Total Government Funds	\$ (1,170,222)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.</p>	
Capital outlay	442,828
Depreciation	(669,871)
<p>Repayment of principal on long-term debt is expenditure in governmental funds, but repayment reduces long-term liabilities in the statement of net position.</p>	
Principal repaid	347,680
<p>The change in the net pension liability and related deferred inflows/ outflows of resources are reported on the statement of activities:</p>	
Illinois Municipal Retirement Fund	(492,333)
Police Pension Fund	(133,400)
<p>Some items reported in the Statement of Net Position do not require financial resources and, therefore, are not reported as liabilities in government funds.</p>	
<p>These activities consist of:</p>	
Change in compensated absences	16,712
Change in other post employment benefits	(58,174)
Change in accrued interest payable	1,700
	1,700
Change in Net Position of Governmental Activities	\$ (1,715,080)

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2018

	Business-type Activities - Enterprise Funds			
	Major		Non-major	Total
	Water and Sewer Fund	Refuse Fund	Commuter Parking Lot	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,371,959	\$ 0	\$ 0	\$ 1,371,959
Accounts receivable	493,492	50,042	0	543,534
Due from other funds	3,191,476	0	117,932	3,309,408
Total current assets	<u>5,056,927</u>	<u>50,042</u>	<u>117,932</u>	<u>5,224,901</u>
NONCURRENT ASSETS				
Capital Assets:				
Land	299,311	0	272,349	571,660
Land improvements	0	0	1,409,576	1,409,576
Buildings and improvements	3,219,087	0	36,393	3,255,480
Machinery and equipment	5,075,415	151,657	98,387	5,325,459
Infrastructure	10,111,986	0	132,171	10,244,157
Less accumulated depreciation	<u>(6,328,418)</u>	<u>(104,896)</u>	<u>(1,288,296)</u>	<u>(7,721,610)</u>
Total noncurrent assets	<u>12,377,381</u>	<u>46,761</u>	<u>660,580</u>	<u>13,084,722</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt refunding	280,355	0	0	280,355
Total assets and deferred outflows of resources	<u>\$ 17,714,663</u>	<u>\$ 96,803</u>	<u>\$ 778,512</u>	<u>\$ 18,589,978</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 32,389	\$ 175,125	\$ 25,850	\$ 233,364
Accrued payroll and related	356	0	0	356
Unearned revenue	33,980	80,440	41,012	155,432
Accrued interest	83,800	0	0	83,800
Deposits	5,754	0	0	5,754
Due to other funds	<u>281,597</u>	<u>220,364</u>	<u>195,510</u>	<u>697,471</u>
Total current liabilities	437,876	475,929	262,372	1,176,177
NONCURRENT LIABILITIES				
Due within one year	430,000	0	0	430,000
Due in more than one year	<u>6,450,583</u>	<u>0</u>	<u>8,376</u>	<u>6,458,959</u>
Total noncurrent liabilities	<u>6,880,583</u>	<u>0</u>	<u>8,376</u>	<u>6,888,959</u>
Total liabilities	<u>7,318,459</u>	<u>475,929</u>	<u>270,748</u>	<u>8,065,136</u>
NET POSITION				
Net investment in capital assets	5,496,798	46,761	652,204	6,195,763
Unrestricted (deficit)	<u>4,899,406</u>	<u>(425,887)</u>	<u>(144,440)</u>	<u>4,329,079</u>
Total net position	<u>10,396,204</u>	<u>(379,126)</u>	<u>507,764</u>	<u>10,524,842</u>
Total liabilities and net position	<u>\$ 17,714,663</u>	<u>\$ 96,803</u>	<u>\$ 778,512</u>	<u>\$ 18,589,978</u>

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2018

	Business-type Activities - Enterprise Funds			
	Major		Non-Major	Total
	Water and Sewer Fund	Refuse Fund	Commuter Parking Lot Fund	
Operating revenues				
Charges for services	\$ 2,930,052	\$ 982,228	\$ 173,524	\$ 4,085,804
Other	200	0	0	200
Total operating revenues	<u>2,930,252</u>	<u>982,228</u>	<u>173,524</u>	<u>4,086,004</u>
Operating expenses				
Personnel	1,093,807	224,848	103,496	1,422,151
Contractual	645,977	879,675	60,277	1,585,929
Commodities	67,425	9,066	16,421	92,912
Other operating expenses	635,420	50,706	60,295	746,421
Depreciation	397,971	15,166	47,425	460,562
Total operating expenses	<u>2,840,600</u>	<u>1,179,461</u>	<u>287,914</u>	<u>4,307,975</u>
Operating income (loss)	<u>89,652</u>	<u>(197,233)</u>	<u>(114,390)</u>	<u>(221,971)</u>
Non-operating revenues (expenses)				
Interest expense	<u>(214,591)</u>	<u>(3,508)</u>	<u>0</u>	<u>(218,099)</u>
Change in net position	(124,939)	(200,741)	(114,390)	(440,070)
Net position, beginning of year	<u>10,521,143</u>	<u>(178,385)</u>	<u>622,154</u>	<u>10,964,912</u>
Net position, end of year	<u>\$ 10,396,204</u>	<u>\$ (379,126)</u>	<u>\$ 507,764</u>	<u>\$ 10,524,842</u>

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2018

	Major		Non-major	Total
	Water and Sewer Fund	Refuse Fund	Commuter Parking Lot Fund	
Cash flows from operating activities				
Receipts from customers	\$ 2,963,902	\$ 989,928	\$ 215,788	\$ 4,169,618
Payments to suppliers	(1,334,447)	(826,270)	(111,554)	(2,272,271)
Payments to employees	(1,113,940)	(224,849)	(104,397)	(1,443,186)
Net cash provided by (used in) operating activities	<u>515,515</u>	<u>(61,191)</u>	<u>(163)</u>	<u>454,161</u>
Cash flows from noncapital financing activities				
Advances from other funds	0	64,699	81,923	146,622
Payments to other funds	(763,231)	0	0	(763,231)
Net cash provided by (used in) noncapital financing activities	<u>(763,231)</u>	<u>64,699</u>	<u>81,923</u>	<u>(616,609)</u>
Cash flows from capital and related financing activities				
Proceeds from issuance of bonds	6,676,066	0	0	6,676,066
Payments to refund old bonds	(2,383,240)	0	0	(2,383,240)
Interest paid	(352,127)	(3,508)	0	(355,635)
Purchase of capital assets	(2,321,024)	0	(81,760)	(2,402,784)
Net cash provide by (used in) capital and related financing activities	<u>1,619,675</u>	<u>(3,508)</u>	<u>(81,760)</u>	<u>1,534,407</u>
Net increase (decrease) in cash and cash equivalents	1,371,959	0	0	1,371,959
Cash and cash equivalents, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash and cash equivalents, end of year	<u>\$ 1,371,959</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,371,959</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 89,652	\$ (197,233)	\$ (114,390)	\$ (221,971)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	397,971	15,166	47,425	460,562
(Increase) decrease in receivables	34,212	7,486	0	41,698
(Increase) decrease in prepaid expenses	0	0	0	0
Increase (decrease) in unearned revenue	(562)	213	42,264	41,915
Increase (decrease) in accrued expenses	(23,723)	0	(901)	(24,624)
Increase (decrease) in payables	17,965	113,177	25,439	156,581
Net cash provided by (used in) operating activities	<u>\$ 515,515</u>	<u>\$ (61,191)</u>	<u>\$ (163)</u>	<u>\$ 454,161</u>

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
April 30, 2018

	Police Pension Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 445,534	\$ 12,796
Accrued interest	48,696	0
Prepaid expenses	3,947	0
Due from the Village of Richton Park	59,394	2,987
Investments, at fair value:		
Money market mutual funds	114,251	0
Corporate bonds	2,646,683	0
Certificates of deposit	217,147	0
U.S. government and agency obligations	2,525,227	0
Equity securities	8,529,844	0
Total assets	\$ 14,590,723	\$ 15,783
LIABILITIES		
Due to other funds	\$ 0	\$ 15,783
Accounts payable	10,201	0
Total liabilities	\$ 10,201	\$ 15,783
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 14,580,522	

See Accompanying Notes

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
For the Year Ended April 30, 2018

	<u>Police Pension Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,167,734
Plan members	237,433
Total contributions	<u>1,405,167</u>
Investment income:	
Net appreciation in fair value of investments	426,600
Interest and dividends	473,219
Total investment income	<u>899,819</u>
Less: investment expense	<u>(56,512)</u>
Net investment income	<u>843,307</u>
Total additions	<u>2,248,474</u>
DEDUCTIONS	
Benefits and refunds	1,203,251
Administrative expenses	35,114
Total deductions	<u>1,238,365</u>
CHANGE IN NET POSITION	1,010,109
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>13,570,413</u>
End of year	<u>\$ 14,580,522</u>

See Accompanying Notes

Village of Richton Park

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Financial Reporting Entity

The Village of Richton Park, Illinois (the "Village") is located in Cook County, Illinois, and is a municipal corporation governed by an elected board. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made upon the significance of its operational or financial relationship with the primary government.

The accounting policies of the Village conform to accounting principles generally accepted in the United States as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Village has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" under which these financial statements include all organizations, activities, functions and component units for which the Village is financially accountable. Financially accountable is defined as the appointment of a voting majority of the component unit's Board, and either (1) the Village's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden or fiscal dependency on the Village. The Village's financial statements present the Pension Trust Fund as a component unit.

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Village. Eliminations have been made to minimize the double counting of internal activities of the Village. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the primary government's assets and liabilities with the difference reported in three categories:

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

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

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

Village of Richton Park

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general services, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The Village has two major proprietary funds, the Water and Sewer and Refuse Funds.

A fund is considered major if it is the primary operating fund of the Village, meets the following criteria or the Village considers it to be a major fund:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least ten percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least five percent of the corresponding total for all governmental and proprietary funds combined.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues and contributions are recorded when earned and expenses including benefits and refunds paid are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes and State shared revenues. On the accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Village of Richton Park

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Sales taxes, excise taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

The Village reports the following major governmental funds:

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

TIF Crossing Fund - Established to account for financial resources to be used in the acquisition or development of property within the tax incremental financing district.

TIF Lakewood Fund - Established to account for financial resources to be used in the acquisition or development of property within the tax incremental financing district.

TIF Sauk Trail/Governor's Highway Fund - Established to account for financial resources to be used in the acquisition or development of property within the tax incremental financing district.

The Village reports the following major enterprise funds:

Water and Sewer Fund - Accounts for provision of water and sewer services, repair, and improvement services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Refuse Fund - Accounts for operations of the refuse collection system.

Village of Richton Park

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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

Additionally, the Village reports the following fiduciary funds:

Police Pension Trust Fund - accounts for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by State statutes and by the Village through an annual property tax levy.

Agency Fund - accounts for the operations of the Fleming Scholarship and Golf Outing.

Cash and Cash Equivalents

The Village considers cash and cash equivalents to be all cash on hand, demand deposits, time deposits and all highly liquid investments, with an original maturity of three months or less when purchased.

Investments

Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The Village considers quoted market prices at April 30, 2018 to be the fair value of its investments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses, consistent with the consumption method of accounting.

Inventories

The Village values inventories at the lower of cost or market, using the first-in first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Village of Richton Park

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Transactions

The Village has the following types of transactions between funds:

Loans - amounts provided with a requirement for repayment. Interfund loans are reported as "due from other funds" in lender funds and "due to other funds in borrower funds" in borrower funds in the fund balance sheets or fund statements of net position.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

Capital Assets

Capital assets, which include buildings, improvements, equipment, and infrastructure assets are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with a cost of \$10,000 or more and a useful life of more than one year. The cost of any additions or improvements greater than \$5,000, that extend the useful life of an asset more than one year, are also considered capital assets. All capital assets are valued at historical cost or estimated historical cost if factual historical cost is not available. Donated capital assets are recorded at estimated fair market value at date of donation.

All reported capital assets except land and construction in progress are depreciated. Depreciation of all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Capital Asset Category</u>	<u>Estimated Useful Life</u>
Buildings and improvements	10 - 80 years
Land improvements	20 years
Equipment	3 - 30 years
Infrastructure	80 - 100 years

Village of Richton Park

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Unearned Revenue

The Village defers revenue recognition in connection with resources that have been received, but not yet earned.

Compensated Absences

Vacation leave is recorded in governmental funds when due (upon employee retirement or termination). Vested or accumulated vacation leave of proprietary funds when due is recorded as an expense and liability of those funds as the benefits accrue to employees.

Property Tax Revenue

The Village's policy is to record property taxes when they have been levied and extended and are both measurable and available. Property taxes receivable are initially recorded at the gross levy amount less an allowance for uncollectible taxes, determined by management estimate. The receivable and the allowance are adjusted periodically to reflect taxes receivable at their estimated realizable value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

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

The bond and interest fund was specifically established to account for and service the long-term obligations for the governmental funds debt. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year.

Fund Balances

Within the governmental fund type, the Village's fund balances are reported in one of the following classifications:

Nonspendable - amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.

Village of Richton Park

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Committed - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. The Village Board is the highest level of decision-making authority for the Village that can, by adoption of ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Assigned - amounts the Village intends to use for specific purposes as determined by the Village Board. It assumed that creation of a fund automatically assigns fund balance.

Unassigned - amounts that are available for any purpose. These amounts are only reported in the General Fund.

Net position/fund balance is displayed in the order of the relative strength of the spending constraints placed on the purposes for which resources can be used. The Village's flow of funds assumption prescribes that funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first followed by the assigned and unassigned funds.

Note 2: Deposits

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name. The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

Investments - As of April 30, 2018, the Village had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	5 - 10	More than 10
State investment pool	\$ 302,112	N/A	N/A	N/A	N/A
Money market mutual funds	114,251	N/A	N/A	N/A	N/A
Equity securities	8,529,844	8,529,844	0	0	0
US agency securities	2,525,227	0	871,066	1,157,621	496,540
Corporate bonds	2,646,683	380,611	1,313,660	952,412	0
Certificates of deposits	217,147	0	217,147	0	0
Total investments	\$ 14,335,264	\$ 8,910,455	\$ 2,401,873	\$ 2,110,033	\$ 496,540

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

Village of Richton Park

Notes to the Financial Statements

Note 2: Deposits (Continued)

Credit Risk - The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in Illinois Funds and U.S. agency securities. As of April 30, 2018, the Village's investments in debt securities were rated as follows:

Investment	Credit Rating	Rating Source
State investment pool	AAA	Standard and Poor's
US agency securities	AA+	Standard and Poor's
Corporate bonds	AA-AAA	Standard and Poor's

Concentration of credit risk is the risk that the Village has too high a percentage of the investments invested in one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk.

Custodial credit risk is the risk, in the event of a bank failure, the Village's bank deposits may not be recovered. The Village does not have a policy for custodial credit risk. At April 30, 2018, all of the Village's cash bank balances were fully insured or collateralized.

Note 3: Property Taxes

The Village annually establishes a legal right to the property tax assessments upon the enactment of a tax levy ordinance by the Village Board of Trustees. These tax assessments are levied in December and attach as an enforceable lien on the previous January 1. Tax bills are prepared by Cook County and issued on or about February 1 and August 1 and are repayable in two installments on or about June 1 and September 1. The County collects such taxes and periodically remits them to the Village.

The 2017 property tax assessment, which was levied in December 2017, is to finance the budget for the fiscal year beginning May 1, 2018, and the revenue to be produced from that assessment is to be recognized during that period, provided the "available" criteria has been met. "Available" means when due or receivable within the current period, and collected within that fiscal period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For governmental fund types, property taxes collected in advance of the fiscal year for which they are levied are recorded as unavailable property tax and recognized as revenue in the year in which they are received. A reduction for collection losses based on historical collection experience has been provided on uncollected tax liens.

Village of Richton Park

Notes to the Financial Statements

Note 4: Capital Assets

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

Governmental activities:	Balance May 1, 2017	Additions	Deletions	Balance April 30, 2018
Capital assets not being depreciated:				
Land	\$ 6,283,372	\$ 0	\$ 0	\$ 6,283,372
Construction in progress	412,038	0	(412,038)	0
Land improvements	400,000	0	0	400,000
Subtotal	7,095,410	0	(412,038)	6,683,372
Capital assets being depreciated:				
Land improvements	89,573	0	0	89,573
Buildings	4,605,451	0	0	4,605,451
Building improvements	563,478	0	0	563,478
Vehicles	3,237,580	97,306	0	3,334,886
Equipment	913,961	21,697	0	935,658
Infrastructure	5,829,362	735,863	0	6,565,225
Subtotal	15,239,405	854,866	-	16,094,271
Accumulated depreciation	(5,330,634)	(669,871)	0	(6,000,505)
Capital assets being depreciated, net	9,908,771	184,995	0	10,093,766
Total governmental activities capital assets, net	\$ 17,004,181	\$ 184,995	\$ (412,038)	\$ 16,777,138

Village of Richton Park

Notes to the Financial Statements

Note 4: Capital Assets (Continued)

Business-type activities:	Balance May 1, 2017	Additions	Deletions	Balance April 30, 2018
Capital assets not being depreciated:				
Land	\$ 571,660	\$ 0	\$ 0	\$ 571,660
Capital assets being depreciated:				
Land improvements	1,327,816	81,760	0	1,409,576
Buildings	3,255,480	0	0	3,255,480
Vehicles	912,333	0	0	912,333
Equipment	481,876	1,895,000	0	2,376,876
Infrastructure	11,854,382	426,024	0	12,280,406
Subtotal	17,831,887	2,402,784	0	20,234,671
Accumulated depreciation	(7,261,047)	(460,562)	0	(7,721,609)
Total capital assets being depreciated, net	10,570,840	1,942,222	0	12,513,062
Total business-type activities capital assets, net	\$ 11,142,500	\$ 1,942,222	\$ 0	\$ 13,084,722

Depreciation expense was charged to the governmental functions as follows for the year ended April 30, 2018:

Governmental activities:

General government	\$ 414,257
Public works	24,107
Economic development	139,247
Public safety	92,260
Total	\$ 669,871

Depreciation expense was charged to the business-type functions as follows for the year ended April 30, 2018:

Business-type activities:

Water and sewer	\$ 397,971
Refuse	15,166
Commuter parking lot	47,425
Total	\$ 460,562

Village of Richton Park

Notes to the Financial Statements

Note 5: Long-Term Obligations

Long-term obligations consisted of the following at April 30, 2018:

	Date of issuance	Maturity date	Interest rate	Face amount	Carrying amount
Governmental activities					
G.O. bonds	12/12/2013	5/11/2021	2.61%	\$ 422,000	\$ 180,856
Notes payable	3/1/2016	3/1/2023	2.14%	675,000	459,522
Capital lease obligations	2/1/2016	2/1/2019	3.16%	862,535	580,373
Business-type activities					
Alternative revenue source bonds - Series 2017	12/1/2017	12/1/2032	3.00 - 4.00%	\$ 6,700,000	\$ 6,700,000

Long-term obligation activity for the year ended April 30, 2018 was as follows:

	Balance May 1, 2017	Issued	Retired	Balance April 30, 2018	Due Within One Year
Governmental activities					
TIF Series 2013	\$ 241,142	\$ 0	\$ 60,286	\$ 180,856	\$ 60,286
Notes payable	568,409	0	108,887	459,522	111,233
Capital lease obligations	758,880	0	178,507	580,373	184,672
Compensated absences	897,515	0	16,712	880,803	0
Total governmental	\$ 2,465,946	\$ 0	\$ 364,392	\$ 2,101,554	\$ 356,191
Business-type activities					
Alternative revenue source - Series 2006	\$ 0	\$ 6,700,000	\$ 0	\$ 6,700,000	\$ 430,000
Alternative revenue source - Series 2017	2,570,000	0	2,570,000	0	0
Unamortized bond premium	18,171	162,821	12,066	168,926	0
Compensated absences	22,878	0	11,221	11,657	0
Total business-type	\$ 2,611,049	\$ 6,700,000	\$ 2,593,287	\$ 6,880,583	\$ 430,000

Village of Richton Park

Notes to the Financial Statements

Note 5: Long-Term Obligations (Continued)

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

	Alternative Revenue Source -				
	TIF - Series 2013	Series 2017	Notes Payable	Interest	Total
2019	\$ 60,286	\$ 430,000	\$ 111,233	\$ 392,380	\$ 993,899
2020	60,286	215,000	113,631	330,562	719,479
2021	60,284	220,000	116,078	313,063	709,425
2022	0	230,000	118,580	293,390	641,970
2023	0	235,000	0	273,200	508,200
2024-2039	0	5,370,000	0	2,068,113	7,438,113
Total	\$ 180,856	\$ 6,700,000	\$ 459,522	\$ 3,670,708	\$ 11,011,086

On August 31, 2016, the Agency issued \$6,700,000 (plus premium of \$180,992) in General Obligation, (Water and Sewer System Alternative Revenue Source) Series 2017 with an average interest rate of 3.75 percent. The proceeds principally were used to advance refund the Series 2006 Bonds and to fund capital improvements to the Village's water and sewer infrastructure. The proceeds used for the refunding were deposited in an irrevocable trust to provide for future debt service on the Series 2006 Bonds. As a result, that portion of the 2006 series bonds is considered defeased, and the Agency has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$2,385,000 at April 30, 2018.

The advance refunding increased total debt service payments over the next 15 years by approximately \$775,000. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$311,500.

Capital Lease - The Village entered into a capital lease during the year ended April 30, 2017 for the purchase of equipment at a gross cost of \$758,622. The total lease payable is \$688,525 and is payable in monthly installments of \$13,788 including interest payable at 2.14%. The Village entered into a capital lease during the year ended April 30, 2016 for the purchase of multiple trucks at a gross cost of \$140,776. The total lease payable is \$70,355 and is payable in annual installments of \$36,863 including interest payable at 3.18%. These obligations will be retired by the General Fund.

Annual debt service requirements to maturity under capital leases are as follows:

For the Year Ended April 30, 2018	Total
2019	\$ 202,320
2020	165,456
2021	165,456
2022	82,728
Total minimum lease payments	615,960
Thereafter	(35,587)
Thereafter	\$ 580,373

Village of Richton Park

Notes to the Financial Statements

Note 6: Interfund Receivables and Payables

Interfund receivable and payable balances at April 30, 2018, are as follows:

Fund	Due from other funds	Due to other funds
General	\$ 3,317,562	\$ 3,094,193
TIF Crossings	3,877,937	203,072
TIF Lakewood	210,000	2,742,820
TIF Sauk Trail Governor's Highway	4,555	2,364,057
Non-major governmental funds	242,645	1,860,494
Water and sewer	3,191,476	281,597
Refuse	0	220,364
Non-major enterprise funds	117,932	195,510
Total	\$ 10,962,107	\$ 10,962,107

All interfund debt reflects operating advances which are expected to be repaid or reported as a transfer in the following fiscal year.

Note 7: Retirement Fund Commitments

The Village contributes to one agent multiple employer public employee defined benefit pension plan (collectively referred to as the Pension Plan), the Illinois Municipal Retirement Fund (IMRF), which is administered by IMRF. The benefits benefit levels, employee contributions and employer contributions for the plan are governed by Illinois Compiled Statutes (ILCS), and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. The report is available for download at www.imrf.org.

Village of Richton Park

Notes to the Financial Statements

Note 7: Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund

Plan Description - All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in Regular Tier 1. If the member first participated in IMRF on or after January 1, 2011, they participate in Regular Tier 2.

For Regular Tier 1, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For Regular Tier 2, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Employees Covered by Benefit Terms - As of December 31, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive plan members entitled to but not yet receiving benefits	61
Active employees	67
Total	176

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2017 was 11.65%. For the calendar year ended December 31, 2017, the Village contributed \$356,108 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability. The District's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Village of Richton Park

Notes to the Financial Statements

Note 7: Retirement Fund Commitments (Continued)

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.5%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Non-disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Active Members**, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Village of Richton Park

Notes to the Financial Statements

Note 7: Retirement Fund Commitments (Continued)

<u>Asset Class</u>	<u>Projected Returns / Risk</u>		
	Target Allocation	One Year Arithmetic	Ten Year Geometric
Domestic equity	37.0 %	8.30 %	6.85 %
International equity	18.0	8.45	6.75
Fixed income	28.0	3.05	3.00
Real estate	9.0	6.90	5.75
Alternative investments	7.0		
Private equity	0.0	12.45	7.35
Hedge funds	0.0	5.35	5.05
Commodities	0.0	4.25	2.65
Cash Equivalents	1.0	2.25 %	2.25 %
	100.0 %		

Single Discount Rate. A single discount rate of 7.50% was used to measure the total pension liability for the plan. 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 measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50% for the plan.

Village of Richton Park

Notes to the Financial Statements

Note 7: Retirement Fund Commitments (Continued)

Changes in the Net Pension Liability -

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)-(B)
Balances at January 1, 2017	\$ 13,314,453	\$ 10,415,550	\$ 2,898,903
Changes for the year:			
Service Cost	332,021	0	332,021
Interest on the total pension liability	990,426	0	990,426
Differences between expected and actual experience	455,021	0	455,021
Changes in assumptions	(416,715)	0	(416,715)
Contributions - employer	0	379,418	(379,418)
Contributions - employees	0	181,881	(181,881)
Net investment income	0	1,801,684	(1,801,684)
Other (net transfer)	0	(203,415)	203,415
Benefit payments and refunds	(549,571)	(549,571)	0
Net Changes	811,182	1,609,997	(798,815)
Balance at December 31, 2017	\$ 14,125,635	\$ 12,025,547	\$ 2,100,088

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the plan's net pension liability (asset), calculated using a single discount rate of 7.50%. It also presents what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is 1.0 percent lower or 1.0 percent higher:

	1% lower 6.50%	Current Discount Rate 7.50%	1% higher 8.50%
Net pension liability (asset)	\$ 3,941,676	\$ 2,100,088	\$ 597,767

Village of Richton Park

Notes to the Financial Statements

Note 7: Retirement Fund Commitments (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows or Resources Related to Pensions - For the year ended April 30, 2018, the Village recognized pension expense of \$492,333 for the regular plan. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the IMRF regular plan pension from the following sources:

<i>Deferred amounts to be recognized in pension expense in future periods:</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 939,141	\$ 0
Changes of assumptions	2,805	327,262
Net difference between projected and actual earnings on investment	313,250	822,165
Contributions subsequent to the measurement date	190,352	0
Total	\$ 1,445,548	\$ 1,149,427

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:

<i>Year ending December 31,</i>	Net deferred inflows of resources
2018	\$ 492,738
2019	193,129
2020	(184,204)
2021	(205,542)
2022	0
Thereafter	0
Total	\$ 296,121

Note 8: Police Pension Plan

Plan Description - The Police Pension Plan (Plan) is a single-employer, defined benefit pension plan which covers the qualified police sworn employees of the Village. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by ILCS and may be amended only by the Illinois legislature. The Village accounts for the plan as a Pension Trust Fund and does not issue a stand-alone financial report.

Village of Richton Park

Notes to the Financial Statements

Note 8: Police Pension Plan (Continued)

Plan Membership - Membership in the Plan consisted of the following at April 30, 2018, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	1
Active employees	27
Total	48

Benefits Provided - The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is initially capped at \$111,572 (as of January 1, 2015), plus the lesser of one-half of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55).

Contributions - Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the 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. For the year ended April 30, 2018, the Villages contribution was 51% of covered payroll.

Village of Richton Park

Notes to the Financial Statements

Note 8: Police Pension Plan (Continued)

Investment Policy - ILCS limit the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities. The Plan's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Fixed income	43.0 %	5.30 %
Domestic Equity - Large Cap	30.0	8.20
Domestic Equity - Small Cap	10.0	8.25
International equities	10.0	4.80
Real estate	5.0	10.90
Cash	2.0	0.25
	100.0 %	

ILCS limit the Plan's investments in equities and mutual funds to 45%. 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 Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant 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 assets 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 expected inflation. Best estimates of arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of April 30, 2018 are shown above.

Investment Valuations, Concentrations, and Rate of Return - All investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices for debt securities, equity securities, and mutual funds. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of the Plan's investments. For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments (excluding CD's), net of pension plan investment expense, was 5.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Village of Richton Park

Notes to the Financial Statements

Note 8: Police Pension Plan (Continued)

Deposits with Financial Institutions - Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan's investment policy requires all bank balances to be covered by federal depository insurance.

Single Discount Rate - The single discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 of 7.0% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1% point lower (6.0%) or 1% point higher (8.0%) than the current rate:

	1% lower 6.0%	Current Discount Rate 7.0%	1% higher 8.0%
Net pension liability (asset)	\$ 16,497,303	\$ 12,344,473	\$ 8,997,872

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at April 30, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal (level % of pay).
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Amortization Method** was Straight Line.
- The **Amortization Periods** used were:
 - 8.26 years for the difference between expected and actual experience
 - 8.26 years for changes in assumptions
 - 5 years for asset experience
- The **Rate of Return** on present and future assets was assumed to be 7.00%.
- **Salary Increases** were expected to be 3.75% to 11.99%, including inflation of 2.5%.

Village of Richton Park

Notes to the Financial Statements

Note 8: Police Pension Plan (Continued)

Mortality rates are based on the assumption study prepared by Lauterbach & Amen LLP in 2016. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

Net Pension Liability - The components of the net pension liability of the Plan as of April 30, 2018, calculated in accordance with GASB Statement No. 67, were as follows:

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)-(B)
Balances at May 1, 2017	\$ 29,832,847	\$ 13,570,413	\$ 16,262,434
Changes for the year:			
Service Cost	738,771	0	738,771
Interest	1,748,027	0	1,748,027
Actual experience	55,278	0	55,278
Changes in assumptions	(4,249,555)	0	(4,249,555)
Contributions - employer	0	1,167,734	(1,167,734)
Contributions - employees	0	236,133	(236,133)
Contributions - other	0	1,300	(1,300)
Net investment income	0	842,806	(842,806)
Benefit payments, including refunds	(1,203,252)	(1,203,252)	0
Administrative expense	0	(37,492)	37,492
Net Changes	(2,910,731)	1,007,229	(3,917,960)
Balances at April 30, 2018	\$ 26,922,116	\$ 14,577,642	\$ 12,344,474

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions - For the year ended April 30, 2018, the Village recognized pension expense of \$132,287.

The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 421,616	\$ 599,681
Changes in assumptions	2,596,291	4,530,570
Net difference between projected and actual earnings on pension plan investments	520,660	84,950
Total	\$ 3,538,567	\$ 5,215,201

Village of Richton Park

Notes to the Financial Statements

Note 8: Police Pension Plan (Continued)

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:

<i>Year Ending April 30,</i>	Net Deferred Outflows of Resources
2019	\$ (30,157)
2020	(30,157)
2021	(245,335)
2022	(217,021)
2023	(239,595)
Thereafter	(914,369)
Total	\$ (1,676,634)

Note 9: Other Postemployment Benefits

Plan Description - In addition to providing the pension benefits described in Notes 7 and 8, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and ILCS. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental activities.

Benefits Provided - The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses, and dependents (enrolled at the time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's two retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

Funding Policy - The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Village of Richton Park

Notes to the Financial Statements

Note 9: Other Postemployment Benefits (Continued)

Membership - At April 30, 2018 (date of last actuarial valuation), membership consisted of:

Active employees fully eligible to retire	4
Active employees not yet fully eligible to retire	72
Retirees and dependents	12
<hr/>	
Total	88
<hr/>	
Participating employers	1
<hr/>	

Annual OPEB Costs and Net OPEB Obligation - The Village's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan and the net OPEB obligation was as follows:

Fiscal year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
04/30/18	\$ 167,007	\$ 108,833	65 %	\$ 355,916
04/30/17	167,875	110,226	66	277,742
04/30/16	168,554	123,372	73	220,093
04/30/15	11,941	86,003	72	174,910

The net OPEB obligation as of April 30, 2018, was calculated as follows:

Annual required contribution	\$ 171,187
Interest on net OPEB obligation	13,887
<u>Adjustment to annual required contribution</u>	<u>(18,067)</u>
Annual OPEB cost	167,007
<u>Contributions made</u>	<u>(108,833)</u>
Change in net OPEB obligation	58,174
<u>Net OPEB obligation, beginning of year</u>	<u>277,742</u>
<u>Net OPEB obligation, end of year</u>	<u>\$ 335,916</u>

Village of Richton Park

Notes to the Financial Statements

Note 9: Other Postemployment Benefits (Continued)

Funded status and funding progress -

Actuarial accrued liability (AAL)	\$	1,451,087
Actuarial value of plan assets		0
Unfunded actuarial accrued liability (UAAL)		1,451,087
Funded ratio (actuarial value of plan assets / AAL)		0 %
Covered payroll	\$	5,164,759
UAAL as a percentage of covered payroll		28.1 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the April 30, 2016 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 5.0% and an initial healthcare cost trend rate of 6.8-7.8% with an ultimate healthcare inflation rate of 5.0%. Both rates include a 2.5% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2016 was 30 years.

Note 10: Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees; and natural disasters. The Village has purchased insurance from private insurance companies. Risks covered by medical, dental and other. Premiums have been displayed as expenditures/expenses in appropriate funds. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

Village of Richton Park

Notes to the Financial Statements

Note 10: Risk Management (Continued)

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperation Statute, to pool their risk management needs. IRMA administers a mix of self-insurance and commercial insurance coverage; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extension risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in the appropriate funds. Each member assumes the first \$1,000 of each occurrence for years prior to 2004 and \$2,500 for each occurrence in 2004 and subsequent years. Beginning in 2005, members were given the option to assume higher deductibles. IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

Note 11: Stewardship, Compliance, and Accountability

Budgetary Information

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

- (a) Prior to June 30, the Treasurer submits to the Village Board a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures/expenses and the means to finance them.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to July 31, the budget is legally enacted through passage of an appropriations ordinance.
- (d) The Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, revisions that alter the total expenditures of any fund must be approved by the Village Board.

Village of Richton Park

Notes to the Financial Statements

Note 11: Stewardship, Compliance, and Accountability (Continued)

- (e) Formal budgetary integration is employed as a management control device during the year.
- (f) Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
- (g) Appropriations lapse at the end of the fiscal year.

The budget amounts are as originally adopted by the Village Board. The Village budgets revenue, expenditures/expenses and transfers based on anticipated funds to be received. Budgets reflect gains or losses, by fund, for each fiscal year.

As of April 30, 2018, the following major funds had expenditures in excess of budget:

General Fund	\$ (2,166,385)
TIF Crossings Fund	(4,295)

Fund Equity Deficit - The following funds reported deficit fund balances as of April 30, 2018:

General Fund	\$ (300,045)
TIF Lakewood Fund	(2,432,277)
TIF Sauk Trail/Governor's Highway Fund	(2,183,876)
Refuse Fund	(379,126)
Administrative Seizure Fund	(37,294)
Motor Fuel Tax Fund	(52,386)
Community Center Fund	(254,187)
TIF Governor's Highway Fund	(30,125)
TIF Sauk West Fund	(155,727)
Parks and Recreation Fund	(471,827)
Community Development Block Fund	(48,460)
Capital Projects Fund	(470,551)

Note 12: New Governmental Accounting Standards

GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, will be effective for the Village beginning with its year ending April 30, 2018. This statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

Village of Richton Park

Notes to the Financial Statements

Note 12: New Governmental Accounting Standards (Continued)

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73, will be effective for the Village beginning with its year ending April 30, 2018 except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, Certain Asset Retirement Obligations, will be effective for the Village beginning with its year ending April 30, 2020. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 87, Leases, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Village has not determined the effect of this Statement.

Management of the Village is still in the process of determining what effect, if any, the above statements will have on the basic financial statements and related disclosures.

Note 13: Subsequent Events

The Village has evaluated subsequent events through August 27, 2018, which is the date the financial statements were available to be issued.

Required Supplementary Information

Village of Richton Park, Illinois

Required Supplementary Information Multiyear Schedule of Changes in Net Pension Liability and Related Ratios IMRF Regular Plan - Last 10 Calendar Years (schedule built prospectively from 2015)

Calendar year ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total pension liability:										
Service cost	\$332,021	\$275,870	\$251,125							
Interest on the total pension liability	990,426	863,037	796,996							
Benefit changes	0	0	0							
Difference between expected and actual experience	455,021	1,103,413	369,115							
Assumption changes	(416,715)	(33,787)	15,273							
Benefit payments and refunds	(549,571)	(588,151)	(507,342)							
Net change in total pension liability	811,182	1,620,382	925,167							
Total pension liability - beginning	13,314,453	11,694,071	10,768,904							
Total pension liability - ending (a)	\$14,125,635	\$13,314,453	\$11,694,071							
Plan fiduciary net position:										
Employer contributions	\$379,418	\$345,169	\$276,981							
Employee contributions	181,881	288,422	106,897							
Pension plan net investment income	1,801,684	676,470	49,084							
Benefit payments and refunds	(549,571)	(588,151)	(507,342)							
Other	(203,415)	(231,555)	121,135							
Net change in plan fiduciary net position	1,609,997	490,355	46,755							
Plan fiduciary net position - beginning	10,415,550	9,925,195	9,878,440							
Plan fiduciary net position - ending (b)	\$12,025,547	\$10,415,550	\$9,925,195							
Net pension liability(asset) - Ending (a) - (b)	2,100,088	2,898,903	1,768,876							
Plan fiduciary net position as a percentage of total pension liability	85.13%	78.23%	84.87%							
Covered valuation payroll	3,056,723	2,883,001	2,375,482							
Net pension liability as a percentage of covered valuation payroll	68.70%	100.55%	74.46%							

The Village implemented GASB Statement No. 68 in April 30, 2016.

See independent auditors' report and accompanying note

Village of Richton Park, Illinois

Required Supplementary Information

Multiyear Schedule of IMRF Contributions

Illinois Municipal Retirement Fund (IMRF)

Multiyear Schedule of Contributions

Last 10 Calendar Years

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 356,108 *	\$ 379,418	\$ (23,310)	\$ 3,056,723	12.41%
2016	332,987	345,169	(12,182)	2,883,001	11.97%
2015	276,981	276,981	0	2,375,482	11.66%

* Estimated based on contribution rate of 11.65% and covered valuation payroll of \$3,056,723.

See independent auditors' report and accompanying note

Village of Richton Park, Illinois

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Police Pension Fund - Last 10 Fiscal Years (schedule built prospectively from 2015)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability:										
Service cost	\$738,771	\$697,085	\$678,206	\$704,544						
Interest on the total pension liability	1,748,027	1,706,237	1,447,906	1,458,172						
Benefit changes	0	0	0	0						
Difference between expected and actual experience	55,278	488,127	(887,072)	0						
Assumption changes	(4,249,555)	(1,024,694)	3,840,520	0						
Benefit payments and refunds	(1,203,252)	(1,132,582)	(1,126,673)	(995,920)						
Net change in total pension liability	(2,910,731)	734,173	3,952,887	1,166,796						
Total pension liability - beginning	29,832,847	29,098,674	25,145,786	23,978,990						
Total pension liability - ending (a)	\$26,922,116	\$29,832,847	\$29,098,673	\$25,145,786						
Plan fiduciary net position:										
Employer contributions	\$1,167,734	\$533,182	\$591,377	627,574						
Employee contributions	236,133	217,214	207,031	208,291						
Other contributions	1,300	0	0	0						
Pension plan net investment income	842,806	1,033,825	(146,008)	999,854						
Benefit payments and refunds	(1,203,252)	(1,132,582)	(1,126,673)	(995,920)						
Administrative expense	(37,492)	(37,230)	(35,898)	(35,789)						
Net change in plan fiduciary net position	1,007,229	614,409	(510,171)	804,010						
Plan fiduciary net position - beginning	13,570,413	12,956,004	13,466,175	12,662,164						
Plan fiduciary net position - ending (b)	\$14,577,642	\$13,570,413	\$12,956,004	\$13,466,174						
Employer net pension liability (asset) - Ending (a) - (b)	\$12,344,474	\$16,262,434	\$16,142,669	\$11,679,612						

The Village implemented GASB Statement No. 68 in April 30, 2016.

The current year information was developed in the completion of this report.

See independent auditors' report and accompanying note

Village of Richton Park, Illinois

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Police Pension Fund - Last 10 Fiscal Years
(schedule built prospectively from 2015)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability - ending (a)	\$26,922,116	\$29,832,846	\$29,098,674	\$25,145,786						
Plan fiduciary net position - ending (b)	14,577,642	13,569,299	12,956,004	\$13,466,175						
Employer net pension liability (asset) - Ending (a) - (b)	\$12,344,474	\$16,263,547	\$16,142,670	\$11,679,611						
Plan fiduciary net positions as a percentage of total pension liability	54.15%	45.48%	44.52%	53.55%						
Covered valuation payroll	\$2,287,069	\$2,215,079	\$2,199,135	\$2,057,667						
Net pension liability as a percentage of covered valuation payroll	539.75%	734.22%	734.05%	567.61%						

The Village implemented GASB Statement No. 68 in April 30, 2016.

Covered employee payroll shown is the total covered payroll for the fiscal year for all fund members.

See independent auditors' report and accompanying note

Village of Richton Park, Illinois
 Required Supplementary Information
 Schedule of Employer Contributions
 Police Pension Fund - Last 10 Fiscal Years
 (schedule built prospectively from 2015)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$1,028,788	\$572,544	618,781	612,806						
Contributions in relation to the actuarially determined contribution	1,167,734	533,182	591,377	627,574						
CONTRIBUTION DEFICIENCY (EXCESS)	(\$138,946)	\$39,362	\$27,404	(\$14,768)						
Covered-employee payroll	\$2,287,069	\$2,215,079	\$2,199,135	\$2,057,677						
Contributions as a percentage of covered-employee payroll	51.1%	24.1%	26.9%	30.5%						

The Village implemented GASB Statement No. 68 in April 30, 2016.

Notes to the Schedule of Contributions

The actuarially determined contributions shown above is the statutory minimum contribution, using the projected unit credit method, from the April 30, 2017 actuary's report completed by Lauterbach & Amen, LLP for the tax levy recommendation for the December, 2017 tax levy.

See independent auditors' report and accompanying note

VILLAGE OF RICHTON PARK, ILLINOIS
SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
For the Year Ended April 30, 2018

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Employee Payroll (CEP)	UAAL as a Percentage of CEP
4/30/2018	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2017	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2016	0	1,451,087	0.00%	1,451,087	5,164,759	28.10%
4/30/2015	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2014	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2013	0	904,880	0.00%	904,880	4,320,743	20.94%
4/30/2012	0	304,103	0.00%	304,103	4,082,849	7.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2018	\$ 108,833	\$ 171,187	63.58%
2017	110,226	171,187	64.39%
2016	123,372	171,187	72.07%
2015	86,003	117,786	73.02%
2014	73,936	119,941	61.64%

See independent auditors' report and accompanying note

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended April 30, 2018

	Budget		Actual	(Over) Under Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 2,415,000	\$ 2,415,000	\$ 2,749,775	\$ (334,775)
State shared	2,688,000	2,688,000	3,310,439	(622,439)
Utilities	993,000	1,030,000	868,926	161,074
Licenses and permits	630,850	630,850	658,080	(27,230)
Fines and forfeitures	399,700	400,700	339,958	60,742
Charges for services	665,000	665,000	785,386	(120,386)
Grants	517,867	520,367	647,302	(126,935)
Interest	3,500	3,500	2,483	1,017
Miscellaneous	340,925	342,675	309,049	33,626
Total revenues	<u>\$ 8,653,842</u>	<u>\$ 8,696,092</u>	<u>9,671,398</u>	<u>(975,306)</u>
EXPENDITURES				
Current:				
General government	1,759,569	1,851,674	1,999,658	(147,984)
Public safety	4,879,268	5,541,026	7,413,597	(1,872,571)
Public works	627,827	627,827	526,159	101,668
Debt service:				
Principal	81,000	81,000	287,394	(206,394)
Interest	9,000	9,000	18,998	(9,998)
Capital outlay	130,750	130,750	161,856	(31,106)
Total expenditures	<u>7,487,414</u>	<u>8,241,277</u>	<u>10,407,662</u>	<u>(2,166,385)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,166,428	454,815	(736,264)	1,191,079
OTHER FINANCING SOURCES (USES)				
Gain on sale of capital assets	3,000	3,000	6,120	(3,120)
Transfers out	(425,000)	(425,000)	0	(425,000)
Total other financing sources (uses)	<u>(422,000)</u>	<u>(422,000)</u>	<u>6,120</u>	<u>(428,120)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 744,428</u>	<u>\$ 32,815</u>	<u>\$ (730,144)</u>	<u>\$ 762,959</u>
FUND BALANCE, Beginning of year			<u>430,099</u>	
FUND BALANCE, End of year			<u>\$ (300,045)</u>	

See independent auditors' report and accompanying note

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TIF CROSSINGS FUND
For the Year Ended April 30, 2018

	Budget		Actual		(Over) Under Budget
	Original and Final				Budget
REVENUES					
Miscellaneous	\$ 0		\$ 0		\$ 0
EXPENDITURES					
Current:					
Economic development	0		4,295		(4,295)
NET CHANGE IN FUND BALANCES	\$ 0		\$ (4,295)		\$ 4,295
FUND BALANCE, Beginning of year			3,883,739		
FUND BALANCE, End of year			\$ 3,879,444		

See independent auditors' report and accompanying note

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TIF LAKEWOOD FUND
For the Year Ended April 30, 2018

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
REVENUES			
Taxes:			
Property	\$ 325,000	\$ 1,906,654	\$ (1,581,654)
Total revenues	325,000	1,906,654	(1,581,654)
EXPENDITURES			
Current:			
Economic development	0	1,885,917	(1,885,917)
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	\$ 325,000	20,737	\$ 304,263
FUND BALANCE (DEFICIT), Beginning of year		(2,453,014)	
FUND BALANCE (DEFICIT), End of year		\$ (2,432,277)	

See independent auditors' report and accompanying note

VILLAGE OF RICHTON PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TIF SAUK TRAIL/GOVERNOR'S HIGHWAY FUND
For the Year Ended April 30, 2018

	Budget		(Over) Under
	Original and Final	Actual	Budget
REVENUES			
Taxes:			
Property	\$ 92,000	\$ 124,587	\$ (32,587)
Total revenues	92,000	124,587	(32,587)
EXPENDITURES			
Current:			
Economic development	320,309	248,160	72,149
Total expenditures	320,309	248,160	72,149
NET CHANGE IN FUND BALANCES	\$ (228,309)	\$ (123,573)	\$ (104,736)
FUND BALANCE (DEFICIT), Beginning of year		(2,060,303)	
FUND BALANCE (DEFICIT), End of year		\$ (2,183,876)	

See independent auditors' report and accompanying note

Village of Richton Park

Notes to Required Supplementary Information

Note 1: Summary of Significant Accounting Policies

Budgetary Data: A budget to actual comparison is presented for the General, TIF Crossings, TIF Lakewood, and TIF Sauk Trail/Governor's Highway funds. These budgets are prepared on the cash basis method of accounting. This differs from the modified accrual basis used in financial reporting for the General, TIF Crossings, TIF Lakewood, and TIF Sauk Trail/Governor's Highway funds. See Note 11 to the financial statements for further information regarding individual funds presented in the budgetary comparison with an excess of expenditures over appropriations.

Note 2: Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate from IMRF*

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

- Actuarial Cost Method Aggregate Entry Age Normal
- Amortization Method Level Percentage of Payroll, Closed
- Remaining Amortization Period Non-Taxing bodies: 10-year rolling period.

Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period).

Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 32 years)
- Asset Valuation Method 5-Year smoothed market; 20% corridor
- Wage growth 3.50%
- Price Inflation 2.75% - approximate; No explicit price inflation assumption is used in this valuation.
- Salary Increases 3.75% to 14.50% including inflation
- Investment Rate of Return 7.50%

Village of Richton Park

Notes to Required Supplementary Information

Note 2: Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate from IMRF* (Continued)

Methods and Assumptions Used to Determine 2017 Contribution Rates (Continued):

- Retirement Age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
- Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

- Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation

Supplementary Information

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VILLAGE OF RICHTON PARK, ILLINOIS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS (continued)
 April 30, 2018

TIF Governor's Highway Fund	Special Revenue						Capital Projects Capital Projects Fund	Total Nonmajor Funds
	TIF Bohlman Fund	TIF Sauk West Fund	TIF Town Center Fund	Parks and Recreation Fund	Community Development Block Fund	Economic Development Fund		
\$ 0	\$ 215,471	\$ 10,934	\$ 61,334	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,369
0	0	0	0	0	0	0	0	61,371
0	0	0	0	63,530	0	0	0	63,530
0	0	0	0	630	0	0	0	630
72,947	68,831	0	0	3,658	0	0	0	242,645
<u>\$ 72,947</u>	<u>\$ 284,302</u>	<u>\$ 10,934</u>	<u>\$ 61,334</u>	<u>\$ 67,818</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 668,545</u>
\$ 0	\$ 4,400	\$ 4,794	\$ 11,199	\$ 31,255	\$ 0	\$ 0	\$ 38,864	\$ 105,780
103,072	179,320	161,867	49,629	444,860	48,640	0	431,687	1,860,494
<u>\$ 103,072</u>	<u>\$ 183,720</u>	<u>\$ 166,661</u>	<u>\$ 60,828</u>	<u>\$ 476,115</u>	<u>\$ 48,640</u>	<u>\$ 0</u>	<u>\$ 470,551</u>	<u>\$ 1,966,274</u>
0	0	0	0	63,530	0	0	0	63,530
\$ 0	\$ 100,582	\$ 0	\$ 506	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101,088
0	0	0	0	0	0	0	0	58,390
(30,125)	0	(155,727)	0	(471,827)	(48,640)	0	(470,551)	(1,520,737)
\$ (30,125)	\$ 100,582	\$ (155,727)	\$ 506	\$ (471,827)	\$ (48,640)	\$ 0	\$ (470,551)	\$ (1,361,259)
<u>\$ 72,947</u>	<u>\$ 284,302</u>	<u>\$ 10,934</u>	<u>\$ 61,334</u>	<u>\$ 67,818</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 668,545</u>

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VILLAGE OF RICHTON PARK, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 NON-MAJOR GOVERNMENTAL FUNDS (continued)
 For the Year Ended April 30, 2018

TIF		Special Revenue					Capital Projects	Total
Governor's Highway Fund	TIF Bohlman Fund	TIF Sauk West Fund	TIF Town Center Fund	Parks and Recreation Fund	Community Development Block Fund	Economic Development Fund	Capital Projects Fund	Nonmajor Funds
\$ 0	\$ 98,496	\$ 6,687	\$ 29,042	\$ 99,682	\$ 0	\$ 0	\$ 0	\$ 233,907
0	0	0	0	0	0	0	0	371,783
0	0	0	0	0	0	0	0	43,790
0	0	0	0	231,446	0	0	0	231,446
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	161
0	0	0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 98,496</u>	<u>\$ 6,687</u>	<u>\$ 29,042</u>	<u>\$ 331,128</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 881,087</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 368	\$ 368
0	0	0	0	0	0	0	0	20,919
0	0	0	0	0	638	0	0	278,614
0	0	0	0	393,632	0	0	0	393,632
0	21,784	108,510	42,660	0	0	0	0	172,954
0	60,286	0	0	0	0	0	0	60,286
0	6,289	0	0	0	0	0	0	6,289
0	0	0	0	8,500	0	0	181,798	280,972
<u>\$ 0</u>	<u>\$ 88,359</u>	<u>\$ 108,510</u>	<u>\$ 42,660</u>	<u>\$ 402,132</u>	<u>\$ 638</u>	<u>\$ 0</u>	<u>\$ 182,166</u>	<u>\$ 1,214,034</u>
(0)	10,137	(101,823)	(13,618)	(71,004)	(638)	(0)	(182,166)	(332,947)
(30,125)	90,445	(53,904)	14,124	(400,823)	(48,002)	0	(288,385)	(1,028,312)
<u>\$ (30,125)</u>	<u>\$ 100,582</u>	<u>\$ (155,727)</u>	<u>\$ 506</u>	<u>\$ (471,827)</u>	<u>\$ (48,640)</u>	<u>\$ 0</u>	<u>\$ (470,551)</u>	<u>\$ (1,361,259)</u>

See independent auditors' report

VILLAGE OF RICHTON PARK, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
For the Year Ended April 30, 2018

Assessed valuation - 2017 tax year		<u>\$ 149,956,151</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 12,933,718
Debt:		
TIF Bonds	\$ 180,856	
Notes payable	459,522	
Capital lease obligations	<u>580,373</u>	
Total Debt		<u>\$ 1,220,751</u>
Legal debt margin		<u>\$ 11,712,967</u>

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