

CITY OF MARKHAM, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2020

CITY OF MARKHAM, ILLINOIS

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FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

April 27, 2021

The Honorable City Mayor
Members of the City Council
City of Markham, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Markham, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Markham, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Markham, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MARKHAM, ILLINOIS

Management's Discussion and Analysis April 30, 2020

Our discussion and analysis of the City of Markham's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2020. Please read it in conjunction with the City's financial statements, in the basic financial statement section of this report.

FINANCIAL HIGHLIGHTS

- The City's net position decreased as a result of this year's operations. Net position of governmental activities decreased by \$2,503,182, or 21.2 percent, and net position of the business-type activities increased by \$215,469, or 18.1 percent.
- During the year, government-wide revenues before transfers for the primary government totaled \$27,443,255, while expenses totaled \$29,730,968, resulting in a decrease to net position of \$2,287,713.
- The City's net position totaled (\$12,516,928) on April 30, 2020, which includes \$8,263,636 net investment in capital assets, \$2,025,030 subject to external restrictions, and (\$22,805,594) unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$56,846, resulting in ending fund balance of (\$10,042,241), an increase of 0.6 percent.

USING THIS ANNUAL REPORT

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

CITY OF MARKHAM, ILLINOIS

Management's Discussion and Analysis April 30, 2020

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public health and safety, and highways and streets. The business-type activities of the City include waterworks and sewerage, solid waste, Markham roller rink, and David Webb Jr. Senior Living Complex operations.

The City includes one separate legal entity in its report. The Bradford Anderson Oglesby Public Library is presented as a discretely presented component unit. Although legally separate, this "component unit" is important because the City is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

CITY OF MARKHAM, ILLINOIS

Management's Discussion and Analysis April 30, 2020

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the TIF #1 Canterbury Mall Plaza Fund, the TIF #3 Dixie Highway Fund and the TIF #4 Jevic Business Park Fund, which are considered a major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund, the TIF #1 Canterbury Mall Plaza Fund, the TIF #3 Dixie Highway Fund, the TIF #4 Jevic Business Park Fund, the Motor Fuel Tax Fund, the Grant Fund, the Asset Seizure Fund, the 2008A Bond Fund, the 2008B Bond Fund, the 2009B Bond Fund, and the 2012 Bond Fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one proprietary fund type: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes enterprise funds to account for its waterworks and sewerage, solid waste, Markham roller rink, and David Webb Jr. Senior Living Complex operations.

CITY OF MARKHAM, ILLINOIS

Management's Discussion and Analysis April 30, 2020

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Solid Waste Fund, the Markham Roller Rink Fund, and the David Webb Jr. Senior Living Complex Fund, which are considered to be a major funds of the City.

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F. and police and fire employee pension obligations, the City's other post-employment benefits plan, and budgetary comparison schedules for the General Fund. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on pensions.

CITY OF MARKHAM, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the City, liabilities/deferred inflows exceeded assets/deferred outflows by \$12,516,928.

	Governmental		Net Position		Totals	
	Activities		Business-Type			
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 12,218,038	12,432,825	7,051,774	6,934,450	19,269,812	19,367,275
Capital Assets	25,850,717	27,085,541	14,865,019	15,271,091	40,715,736	42,356,632
Total Assets	38,068,755	39,518,366	21,916,793	22,205,541	59,985,548	61,723,907
Deferred Outflows	11,609,537	5,377,471	42,483	99,765	11,652,020	5,477,236
Total Assets/Deferred Outflows	49,678,292	44,895,837	21,959,276	22,305,306	71,637,568	67,201,143
Long-Term Debt	47,570,176	39,435,939	13,959,374	14,902,909	61,529,550	54,338,848
Other Liabilities	3,577,609	3,452,488	2,655,479	2,343,929	6,233,088	5,796,417
Total Liabilities	51,147,785	42,888,427	16,614,853	17,246,838	67,762,638	60,135,265
Deferred Inflows	15,191,987	16,165,708	1,199,871	1,129,385	16,391,858	17,295,093
Total Liabilities/Deferred Inflows	66,339,772	59,054,135	17,814,724	18,376,223	84,154,496	77,430,358
Net Position						
Net Investment in Capital Assets	8,117,454	7,827,827	146,182	(218,144)	8,263,636	7,609,683
Restricted	2,025,030	1,941,776	-	-	2,025,030	1,941,776
Unrestricted (Deficit)	(26,803,964)	(23,927,901)	3,998,370	4,147,227	(22,805,594)	(19,780,674)
Total Net Position	(16,661,480)	(14,158,298)	4,144,552	3,929,083	(12,516,928)	(10,229,215)

A large portion of the City’s net position, \$8,263,636, reflects its investment in capital assets (for example, land, buildings and improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$2,025,030, of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$22,805,594), represents unrestricted net assets and may be used to meet the government’s ongoing obligations to citizens and creditors.

CITY OF MARKHAM, ILLINOIS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 977,312	1,907,937	5,864,034	4,981,369	6,841,346	6,889,306
Operating Grants/Contrib.	1,191,232	1,110,137	-	-	1,191,232	1,110,137
Capital Grants/Contrib.	-	699,989	-	-	-	699,989
General Revenues						
Property Taxes	12,075,869	11,276,989	1,097,750	845,117	13,173,619	12,122,106
Utility Taxes	798,998	857,385	-	-	798,998	857,385
Other Taxes	1,163,578	1,355,383	-	-	1,163,578	1,355,383
Income Taxes	1,355,671	1,214,389	-	-	1,355,671	1,214,389
Sales Taxes	1,915,326	1,611,970	-	-	1,915,326	1,611,970
Replacement Taxes	102,300	77,704	-	-	102,300	77,704
Other General Revenues	523,445	2,684,695	377,740	477,255	901,185	3,161,950
Total Revenues	20,103,731	22,796,578	7,339,524	6,303,741	27,443,255	29,100,319
Expenses						
General Government	9,413,652	9,743,148	-	-	9,413,652	9,743,148
Public Health and Safety	9,351,639	7,146,179	-	-	9,351,639	7,146,179
Highways and Streets	3,293,592	4,759,963	-	-	3,293,592	4,759,963
Interest	1,044,069	1,160,864	-	-	1,044,069	1,160,864
Waterworks and Sewerage	-	-	3,274,385	3,430,803	3,274,385	3,430,803
Solid Waste	-	-	1,049,927	865,831	1,049,927	865,831
Markham Roller Rink	-	-	658,291	856,154	658,291	856,154
David Webb Jr. Senior Living Complex	-	-	1,645,413	1,624,772	1,645,413	1,624,772
Total Expenses	23,102,952	22,810,154	6,628,016	6,777,560	29,730,968	29,587,714
Change in Net Position Before Transfers	(2,999,221)	(13,576)	711,508	(473,819)	(2,287,713)	(487,395)
Transfers	496,039	-	(496,039)	-	-	-
Change in Net Position	(2,503,182)	(13,576)	215,469	(473,819)	(2,287,713)	(487,395)
Net Position - Beginning	(14,158,298)	(14,144,722)	3,929,083	4,402,902	(10,229,215)	(9,741,820)
Net Position - Ending	(16,661,480)	(14,158,298)	4,144,552	3,929,083	(12,516,928)	(10,229,215)

CITY OF MARKHAM, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the City’s governmental activities decreased by 17.7 percent (deficit of \$14,158,298 in 2019 compared to deficit of \$16,661,480 in 2020). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit of \$26,803,964 at April 30, 2020.

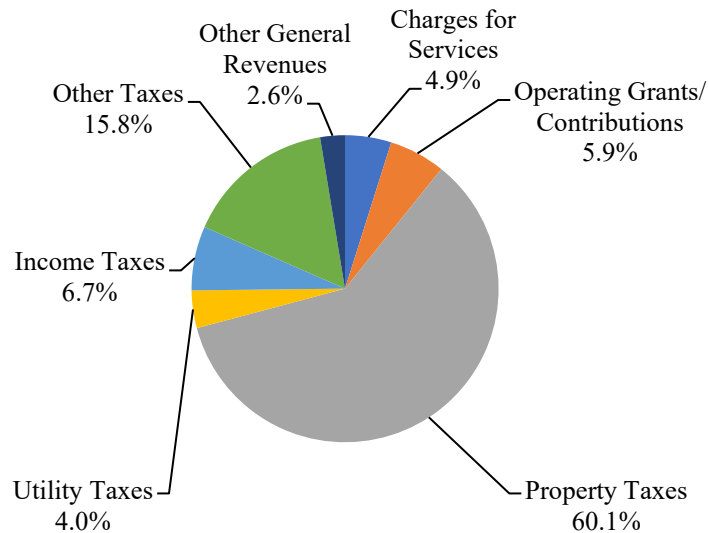
Net position of business-type activities increased by 5.5 percent (\$3,929,083 in 2019 compared to \$4,144,552 in 2020).

Governmental Activities

Revenues for governmental activities totaled \$20,103,731, while the cost of all governmental functions totaled \$23,102,952. This results in a deficit of \$2,999,182, prior to transfers in of \$496,039. In 2019, expenses of \$22,810,154 exceeded revenues of \$22,796,478, resulting in a deficit of \$13,576. The deficit in 2020 was due in large part to an increase in the Public Health and Safety function of \$2,205,460 offset by a decrease of \$1,466,371 in the Highways and Streets and an overall decrease in other general revenues of \$2,161,250.

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

Revenues by Source - Governmental Activities



CITY OF MARKHAM, ILLINOIS

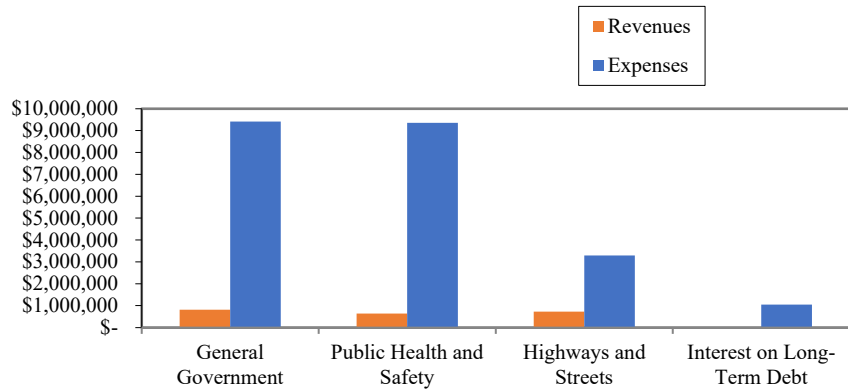
**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

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

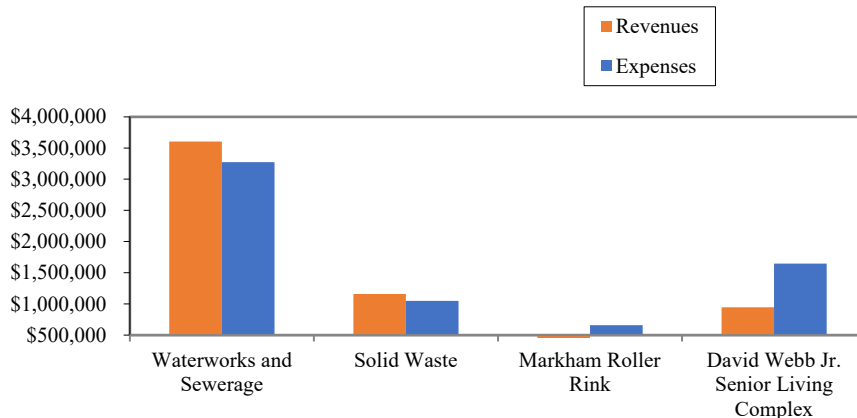
Program Revenues and Expenses- Governmental Activities



Business-Type activities

Business-Type activities posted total revenues of \$7,339,524, while the cost of all business-type activities totaled \$6,628,016. This results in a surplus of \$711,508, prior to transfers out of \$496,039. In 2019, expenses of \$6,777,560 exceeded revenues of \$6,303,741, resulting in a deficit of \$473,819. The surplus in the current year is due to increases in charges for services while overall expenses decreased.

Program Revenues and Expenses - Business-Type Activities



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

CITY OF MARKHAM, ILLINOIS

Management's Discussion and Analysis April 30, 2020

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The City's governmental funds reported combining ending fund balances of \$1,539,115, which is \$46,763, or 3.1 percent higher than last year's total of \$1,492,352. Of the \$1,539,115 total, (\$12,174,123) of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$56,846 an increase of 0.6 percent. Although actual revenues of \$14,646,893 fell short of budgeted revenues of \$15,014,733, actual expenditures of \$16,580,723 exceeded actual revenues. This net decrease in fund balance was off set by a transfers in of \$2,103,902 resulting in a positive change in fund balance. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

The General Fund is the chief operating fund of the City. At April 30, 2020, unassigned fund balance in the General Fund was (\$10,310,176), which represents (102.7) percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately (62.5) percent of total General Fund expenditures.

The TIF #1 Canterbury Mall Plaza Fund realized a decrease in the fund balance of \$416,669. This decrease is a result of total expenses of \$1,099,229 before transfers out of \$396,354 exceeding total revenues of \$1,078,914 for the year.

The TIF #3 Dixie Highway Fund incurred an increase in the fund balance of \$443,872. This increase is a result of total revenues of \$1,687,937 exceeding total expenditures of \$543,544 before transfers out of \$700,521 for the year.

The TIF #4 Jevic Business Park Fund realized a decrease in the fund balance of \$25,196. This decrease is a result of total revenues of \$340,166 falling short of total expenditures of \$52,060 before transfers out of \$313,302 for the year.

CITY OF MARKHAM, ILLINOIS

Management's Discussion and Analysis April 30, 2020

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

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

The City reports the Waterworks and Sewerage Fund as a major proprietary fund. The Waterworks and Sewerage Fund is used to account for the operating activities of the City's water and sewerage utility services on a user-charge basis to the City's residents. Water is purchased from the Midlothian-Markham Water Commission at a rate of \$4.12 per thousand gallons. Sewage is treated by a local Sewage Treatment Center. Water is sold to all municipal customers at a minimum rate of \$44.33 for four thousand gallons of water and \$11.08 for each additional 1,000 gallons of water and a flat rate of \$5.00 for sewer. The spread between purchase and sale rates is intended to finance the operations of the utility system, including labor costs, supplies, and infrastructure maintenance. The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The deficit in the Waterworks and Sewerage Fund during the current fiscal year was \$24,302, while the previous fiscal year also reported a deficit of \$444,873. Unrestricted net position in the Waterworks and Sewerage Fund totaled \$1,340,642 at April 30, 2020.

In addition, the City also reports the Solid Waste Fund as a major proprietary fund. The Solid Waste Fund is used to account for the operating activities of the City's solid waste services on a user-charge basis to the City's residents. The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Solid Waste Fund during the current fiscal year was \$108,401, while the previous fiscal year reported a deficit of \$44,996. Unrestricted net position in the Solid Waste Fund totaled \$2,649,344 at April 30, 2020.

The Markham Roller Rink Fund is also reported as a major proprietary fund by the City. The Markham Roller Rink Fund is used to account for the operating activities of the City's roller rink on a customer charge basis to the roller rink customers. The roller rink was acquired and improved and commenced operations during the fiscal year April 30, 2014. The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The deficit in the Markham Roller Rink Fund during the current fiscal year was \$355,300, while the previous fiscal year reported a deficit of \$423,200. Unrestricted net position in the Markham Roller Rink Fund totaled (\$1,293,349) at April 30, 2020.

Finally, the City reports the David Webb Jr. Senior Living Complex Fund also as a major proprietary fund. The David Webb Jr. Senior Living Complex Fund is used to account for the operating activities of the City's senior living complex on a rental charge basis to the senior living complex residents. The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the David Webb Jr. Senior Living Complex Fund during the current fiscal year was \$486,670, while the previous fiscal year also reported a surplus of \$439,250. Unrestricted net position in the David Webb Jr. Senior Living Complex totaled \$1,301,733 at April 30, 2020.

CITY OF MARKHAM, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$14,646,893, compared to budgeted revenues of \$15,014,733. Actual revenues for taxes, licenses and permits, and charges for services of \$9,309,365, \$311,589, and \$83,402, respectively, were significantly lower than budgeted of \$9,481,753, \$548,700, and \$343,550, respectively. This was offset by intergovernmental actual revenues of \$3,926,126 which were significantly higher than budgeted of \$3,505,000.

The General Fund actual expenditures for the year were \$364,390 higher than budgeted (\$16,580,723 actual compared to \$16,216,333 budgeted). The public safety and debt service functions’ actual expenditures were higher than budgeted expenditures by \$671,715 and \$308,381, respectively, whereas the general government and highways and streets functions’ actual expenditures were lower than budgeted expenditures by \$474,620 and \$141,086, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s investment in capital assets for its governmental and business type activities as of April 30, 2020 was \$40,715,736 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 426,678	426,678	187,140	187,140	613,818	613,818
Building and Improvements	13,649,622	14,237,100	14,512,081	14,965,294	28,161,703	29,202,394
Machinery and Equipment	599,211	743,015	165,798	118,657	765,009	861,672
Infrastructure	11,175,206	11,678,748	-	-	11,175,206	11,678,748
Totals	25,850,717	27,085,541	14,865,019	15,271,091	40,715,736	42,356,632

This year’s major additions included:

Machinery and Equipment	\$ 90,643
Infrastructure	<u>78,475</u>
	<u><u>169,118</u></u>

Additional information on the City’s capital assets can be found in Note 3 of this report.

CITY OF MARKHAM, ILLINOIS

Management's Discussion and Analysis April 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City had total outstanding debt of \$32,580,579 as compared to \$34,887,505 the previous year, a decrease of 6.6 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 17,490,000	18,830,000	14,865,000	15,650,000	32,355,000	34,480,000
Installment Contracts	-	34,178	-	-	-	34,178
Capital Leases	225,579	373,327	-	-	225,579	373,327
Totals	17,715,579	19,237,505	14,865,000	15,650,000	32,580,579	34,887,505

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Unemployment rates for 2020 for Cook County were 3.6 percent and the state and national unemployment rates were 4.0 and 3.7 percent, respectively.

These indicators were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are \$16.2 million, an increase of 2.5 percent from the final 2020 budget of \$15.8 million. The City anticipates only a slight increase in tax revenues, but instead anticipates revenues from new sources including the debt recovery program, cell tower leases, and allocation of indirect costs. The City has added no major new programs or initiatives in the 2021 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Finance Director, City of Markham, 16313 Kedzie, Markham Illinois 60428.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

CITY OF MARKHAM, ILLINOIS

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

	Governmental Activities	Business-Type Activities	Totals	Component Unit Bradford Anderson Oglesby Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 3,162,114	4,264,447	7,426,561	589,017
Receivables - Net of Allowances	9,787,796	1,864,897	11,652,693	559,212
Internal Balances	(922,430)	922,430	-	-
Prepays	190,558	-	190,558	-
Total Current Assets	12,218,038	7,051,774	19,269,812	1,148,229
Noncurrent Assets				
Capital Assets				
Nondepreciable	426,678	187,140	613,818	23,133
Depreciable	48,298,811	22,721,323	71,020,134	4,844,902
Accumulated Depreciation	(22,874,772)	(8,043,444)	(30,918,216)	(1,588,463)
Total Capital Assets	25,850,717	14,865,019	40,715,736	3,279,572
Total Assets	38,068,755	21,916,793	59,985,548	4,427,801
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	612,038	42,483	654,521	53,055
Deferred Items - Police Pension	9,508,923	-	9,508,923	-
Deferred Items - Firefighters' Pension	1,192,081	-	1,192,081	-
Deferred Items - RBP	296,495	-	296,495	819
Total Deferred Outflows of Resources	11,609,537	42,483	11,652,020	53,874
Total Assets and Deferred Outflows of Resources	49,678,292	21,959,276	71,637,568	4,481,675

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

	Governmental Activities	Business-Type Activities	Totals	Component Unit Bradford Anderson Oglesby Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 1,226,211	740,492	1,966,703	25,882
Accrued Payroll	349,192	41,632	390,824	3,274
Deposits Payable	-	577,056	577,056	-
Accrued Interest Payable	233,676	449,100	682,776	22,913
Current Portion of Long-Term Debt	1,768,530	847,199	2,615,729	250,000
Total Current Liabilities	3,577,609	2,655,479	6,233,088	302,069
Noncurrent Liabilities				
Compensated Absences Payable	789,170	8,798	797,968	-
Net Pension Liability - IMRF	1,105,557	76,739	1,182,296	95,836
Net Pension Liability - Police Pension	20,353,171	-	20,353,171	-
Net Pension Liability - Firefighters' Pension	5,117,104	-	5,117,104	-
Total OPEB Liability - RBP	3,086,917	-	3,086,917	8,526
Claims Payable	956,231	-	956,231	-
General Obligation Bonds Payable - Net	16,072,684	13,873,837	29,946,521	-
Intergovernmental Payable	-	-	-	1,145,000
Capital Leases Payable	89,342	-	89,342	-
Total Noncurrent Liabilities	47,570,176	13,959,374	61,529,550	1,249,362
Total Liabilities	51,147,785	16,614,853	67,762,638	1,551,431
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	900,141	62,481	962,622	78,029
Deferred Items - Police Pension	3,845,849	-	3,845,849	-
Deferred Items - Firefighters' Pension	1,266,738	-	1,266,738	-
Deferred Items - RBP	75,739	-	75,739	209
Property Taxes	7,708,520	1,137,390	8,845,910	456,138
Unavailable Revenue	1,395,000	-	1,395,000	-
Total Deferred Inflows of Resources	15,191,987	1,199,871	16,391,858	534,376
Total Liabilities and Deferred Inflows of Resources	66,339,772	17,814,724	84,154,496	2,085,807
NET POSITION				
Net Investment in Capital Assets	8,117,454	146,182	8,263,636	1,884,572
Restricted - Public Safety	50,863	-	50,863	-
Restricted - Impact Fees	29,534	-	29,534	-
Restricted - Special Events	18,147	-	18,147	-
Restricted - Hotel/Motel TIF	854,470	-	854,470	-
Restricted - Highways and Streets	886,152	-	886,152	-
Restricted - Debt Service	185,864	-	185,864	-
Restricted - Tax Levy	-	-	-	258,949
Unrestricted (Deficit)	(26,803,964)	3,998,370	(22,805,594)	252,347
Total Net Position	(16,661,480)	4,144,552	(12,516,928)	2,395,868

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

CITY OF MARKHAM, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2020**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 9,413,652	311,589	498,176	-
Public Health and Safety	9,351,639	582,321	53,400	-
Highways and Streets	3,293,592	83,402	639,656	-
Interest on Long-Term Debt	1,044,069	-	-	-
Total Governmental Activities	23,102,952	977,312	1,191,232	-
Business-Type Activities				
Waterworks and Sewerage	3,274,385	3,604,632	-	-
Solid Waste	1,049,927	1,158,328	-	-
Markham Roller Rink	658,291	154,810	-	-
David Webb Jr. Senior Living Complex	1,645,413	946,264	-	-
Total Business-Type Activities	6,628,016	5,864,034	-	-
Total Primary Government	29,730,968	6,841,346	1,191,232	-
Component Units				
Bradford Anderson Oglesby Public Library	970,784	110,398	15,635	-
		General Revenues Taxes Property Utility Taxes Other Taxes Intergovernmental - Unrestricted Income Taxes Sales Taxes Replacement Taxes Interest Miscellaneous Internal Activity - Transfers Total General Revenues Change in Net Position Net Position - Beginning Net Position - Ending		

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

Net (Expenses)/Revenues			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Bradford Anderson Oglesby Public Library
(8,603,887)	-	(8,603,887)	-
(8,715,918)	-	(8,715,918)	-
(2,570,534)	-	(2,570,534)	-
(1,044,069)	-	(1,044,069)	-
(20,934,408)	-	(20,934,408)	-
-	330,247	330,247	-
-	108,401	108,401	-
-	(503,481)	(503,481)	-
-	(699,149)	(699,149)	-
-	(763,982)	(763,982)	-
(20,934,408)	(763,982)	(21,698,390)	-
-	-	-	(844,751)
12,075,869	1,097,750	13,173,619	1,002,705
798,998	-	798,998	-
1,163,578	-	1,163,578	-
1,355,671	-	1,355,671	-
1,915,326	-	1,915,326	-
102,300	-	102,300	-
53,778	285,313	339,091	3,560
469,667	92,427	562,094	-
496,039	(496,039)	-	-
18,431,226	979,451	19,410,677	1,006,265
(2,503,182)	215,469	(2,287,713)	161,514
(14,158,298)	3,929,083	(10,229,215)	2,234,354
(16,661,480)	4,144,552	(12,516,928)	2,395,868

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

CITY OF MARKHAM, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2020

	<u>General</u>
ASSETS	
Cash and Investments	\$ -
Receivables - Net of Allowances	
Property Taxes	6,572,900
Other Taxes	156,086
Accounts	1,397,463
Due from Other Governments	443,450
Due from Other Funds	7,315,867
Prepays	<u>190,558</u>
 Total Assets	 <u><u>16,076,324</u></u>
LIABILITIES	
Accounts Payable	1,177,443
Accrued Payroll	347,185
Due to Other Funds	<u>16,626,037</u>
Total Liabilities	<u>18,150,665</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	6,572,900
Unavailable Revenue	<u>1,395,000</u>
Total Deferred Inflows of Resources	<u>7,967,900</u>
Total Liabilities and Deferred Inflows of Resources	<u>26,118,565</u>
FUND BALANCES	
Nonspendable	190,558
Restricted	77,377
Assigned	-
Unassigned	<u>(10,310,176)</u>
Total Fund Balances	<u>(10,042,241)</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>16,076,324</u></u>

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

Capital Projects				
TIF #1	TIF #3	TIF #4		
Canterbury	Dixie	Jevic Business		
Mall Plaza	Highway	Park	Nonmajor	Totals
-	-	-	3,162,114	3,162,114
-	-	-	1,135,620	7,708,520
-	-	-	82,277	238,363
-	-	-	-	1,397,463
-	-	-	-	443,450
5,038,535	3,396,489	2,830,142	176,269	18,757,302
-	-	-	-	190,558
<u>5,038,535</u>	<u>3,396,489</u>	<u>2,830,142</u>	<u>4,556,280</u>	<u>31,897,770</u>
-	-	-	16,939	1,194,382
-	-	-	2,007	349,192
-	1,520	-	3,084,004	19,711,561
-	1,520	-	3,102,950	21,255,135
-	-	-	1,135,620	7,708,520
-	-	-	-	1,395,000
-	-	-	1,135,620	9,103,520
-	1,520	-	4,238,570	30,358,655
-	-	-	-	190,558
-	-	-	2,181,329	2,258,706
5,038,535	3,394,969	2,830,142	328	11,263,974
-	-	-	(1,863,947)	(12,174,123)
<u>5,038,535</u>	<u>3,394,969</u>	<u>2,830,142</u>	<u>317,710</u>	<u>1,539,115</u>
<u>5,038,535</u>	<u>3,396,489</u>	<u>2,830,142</u>	<u>4,556,280</u>	<u>31,897,770</u>

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

CITY OF MARKHAM, ILLINOIS

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

April 30, 2020

Total Governmental Fund Balances \$ 1,539,115

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 25,850,717

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

Deferred Items - IMRF	(288,103)
Deferred Items - Police Pension	5,663,074
Deferred Items - Firefighters' Pension	(74,657)
Deferred Items - RBP	220,756

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

Compensated Absences Payable	(986,463)
Net Pension Liability - IMRF	(1,105,557)
Net Pension Liability - Police Pension	(20,353,171)
Net Pension Liability - Firefighters' Pension	(5,117,104)
Total OPEB Liability - RBP	(3,086,917)
Claims Payable	(956,231)
General Obligation Bonds Payable - Net	(17,507,684)
Capital Leases	(225,579)
Accrued Interest Payable	(233,676)

Net Position of Governmental Activities (16,661,480)

CITY OF MARKHAM, ILLINOIS

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

See Following Page

CITY OF MARKHAM, ILLINOIS

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

	<u>General</u>
Revenues	
Taxes	\$ 9,309,365
Intergovernmental	3,926,126
Licenses and Permits	311,589
Charges for Services	83,402
Fines and Forfeitures	580,277
Interest	5,584
Miscellaneous	430,550
Total Revenues	<u>14,646,893</u>
Expenditures	
Current	
General Government	8,472,081
Public Health and Safety	6,648,682
Highways and Streets	941,809
Debt Service	
Principal Retirement	421,926
Interest and Fiscal Charges	96,225
Total Expenditures	<u>16,580,723</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,933,830)</u>
Other Financing Sources (Uses)	
Transfers In	2,103,902
Transfers Out	<u>(113,226)</u>
	<u>1,990,676</u>
Net Change in Fund Balances	56,846
Fund Balances - Beginning	<u>(10,099,087)</u>
Fund Balances - Ending	<u><u>(10,042,241)</u></u>

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

Capital Projects				
TIF #1	TIF #3	TIF #4		
Canterbury Mall Plaza	Dixie Highway	Jevic Business Park	Nonmajor	Totals
1,051,133	1,681,790	340,166	1,655,991	14,038,445
-	-	-	638,403	4,564,529
-	-	-	-	311,589
-	-	-	-	83,402
-	-	-	2,044	582,321
27,781	6,147	-	14,266	53,778
-	-	-	39,117	469,667
1,078,914	1,687,937	340,166	2,349,821	20,103,731
-	-	-	-	8,472,081
-	-	-	-	6,648,682
648,278	543,544	52,060	658,560	2,844,251
295,000	-	-	805,000	1,521,926
155,951	-	-	813,891	1,066,067
1,099,229	543,544	52,060	2,277,451	20,553,007
(20,315)	1,144,393	288,106	72,370	(449,276)
-	-	-	145,487	2,249,389
(396,354)	(700,521)	(313,302)	(229,947)	(1,753,350)
(396,354)	(700,521)	(313,302)	(84,460)	496,039
(416,669)	443,872	(25,196)	(12,090)	46,763
5,455,204	2,951,097	2,855,338	329,800	1,492,352
5,038,535	3,394,969	2,830,142	317,710	1,539,115

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

CITY OF MARKHAM, ILLINOIS

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

For the Fiscal Year Ended April 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 46,763
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Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Capital Outlays	90,643
Depreciation Expense	(1,325,467)

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

Change in Deferred Items - IMRF	(1,127,073)
Change in Deferred Items - Police Pension	6,902,282
Change in Deferred Items - Firefighters' Pension	800,671
Change in Deferred Items - RBP	252,370

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

Change in Compensated Absences Payable	103,521
Change in Net Pension Liability - IMRF	923,834
Change in Net Pension Liability - Police Pension	(9,051,564)
Change in Net Pension Liability - Firefighters' Pension	(1,150,794)
Change in Total OPEB Liability - RBP	(460,182)
Change in Claims Payable	(52,110)
Retirement of Debt	1,521,926
Amortization of Premium on Debt Issuance	2,525

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

19,473

Changes in Net Position of Governmental Activities

(2,503,182)

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

CITY OF MARKHAM, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2020

See Following Page

CITY OF MARKHAM, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2020

	Business-Type Activities - Enterprise				Totals
	Waterworks and Sewerage	Solid Waste	Markham Roller Rink	David Webb Jr. Senior Living Complex	
ASSETS					
Current Assets					
Cash and Investments	\$ -	783,399	336,726	3,144,322	4,264,447
Receivables - Net of Allowances					
Property Taxes	-	-	297,149	840,241	1,137,390
Accounts	525,856	173,923	-	27,728	727,507
Due from Other Funds	3,478,815	3,730,416	-	533,724	7,742,955
Total Current Assets	4,004,671	4,687,738	633,875	4,546,015	13,872,299
Noncurrent Assets					
Capital Assets					
Nondepreciable	-	-	187,140	-	187,140
Depreciable	4,850,622	-	3,916,277	13,954,424	22,721,323
Accumulated Depreciation	(4,439,390)	-	(708,065)	(2,895,989)	(8,043,444)
Total Noncurrent Assets	411,232	-	3,395,352	11,058,435	14,865,019
Total Assets	4,415,903	4,687,738	4,029,227	15,604,450	28,737,318
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	42,483	-	-	-	42,483
Total Assets and Deferred Outflow of Resources	4,458,386	4,687,738	4,029,227	15,604,450	28,779,801

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

	Business-Type Activities - Enterprise				
	Waterworks and Sewerage	Solid Waste	Markham Roller Rink	David Webb Jr. Senior Living Complex	Totals
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 419,529	298,118	4,841	18,004	740,492
Accrued Payroll	29,868	-	2,265	9,499	41,632
Deposits Payable	482,457	-	-	94,599	577,056
Accrued Interest	-	-	105,750	343,350	449,100
Due to Other Funds	1,628,883	1,740,276	1,517,219	1,934,147	6,820,525
Current Portion of Long-Term Liabilities	1,311	-	225,000	620,888	847,199
Total Current Liabilities	2,562,048	2,038,394	1,855,075	3,020,487	9,476,004
Noncurrent Liabilities					
Compensated Absences Payable	5,244	-	-	3,554	8,798
Net Pension Liability - IMRF	76,739	-	-	-	76,739
General Obligation Bonds Payable - Net	-	-	4,067,876	9,805,961	13,873,837
Total Noncurrent Liabilities	81,983	-	4,067,876	9,809,515	13,959,374
Total Liabilities	2,644,031	2,038,394	5,922,951	12,830,002	23,435,378
DEFERRED INFLOWS OF RESOURCES					
Deferred Items - IMRF	62,481	-	-	-	62,481
Property Taxes	-	-	297,149	840,241	1,137,390
Total Deferred Inflows of Resources	62,481	-	297,149	840,241	1,199,871
Total Liabilities and Deferred Inflows of Resources	2,706,512	2,038,394	6,220,100	13,670,243	24,635,249
NET POSITION					
Net Investment in Capital Assets	411,232	-	(897,524)	632,474	146,182
Unrestricted (Deficit)	1,340,642	2,649,344	(1,293,349)	1,301,733	3,998,370
Total Net Position	1,751,874	2,649,344	(2,190,873)	1,934,207	4,144,552

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

CITY OF MARKHAM, ILLINOIS

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

	Business-Type Activities - Enterprise				Totals
	Waterworks and Sewerage	Solid Waste	Markham Roller Rink	David Webb Jr. Senior Living Complex	
Operating Revenues					
Charges for Services	\$ 3,604,632	1,158,328	154,810	946,264	5,864,034
Miscellaneous	83,050	-	-	9,377	92,427
Total Operating Revenues	3,687,682	1,158,328	154,810	955,641	5,956,461
Operating Expenses					
Operations	3,235,832	1,049,927	303,754	428,868	5,018,381
Depreciation	38,553	-	97,907	348,087	484,547
Total Operating Expenses	3,274,385	1,049,927	401,661	776,955	5,502,928
Operating Income (Loss)	413,297	108,401	(246,851)	178,686	453,533
Nonoperating Revenues (Expenses)					
Interest Income	-	-	59	285,254	285,313
Property Taxes	-	-	148,122	949,628	1,097,750
Interest Expense and Fiscal Charges	-	-	(256,630)	(868,458)	(1,125,088)
	-	-	(108,449)	366,424	257,975
Income (Loss) Before Transfers	413,297	108,401	(355,300)	545,110	711,508
Transfers Out	(437,599)	-	-	(58,440)	(496,039)
Change in Net Position	(24,302)	108,401	(355,300)	486,670	215,469
Net Position - Beginning	1,776,176	2,540,943	(1,835,573)	1,447,537	3,929,083
Net Position - Ending	1,751,874	2,649,344	(2,190,873)	1,934,207	4,144,552

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

CITY OF MARKHAM, ILLINOIS

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

	Business-Type Activities - Enterprise				Totals
	Waterworks and Sewerage	Solid Waste	Markham Roller Rink	David Webb Jr. Senior Living Complex	
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 2,817,100	15,423	5,783	2,158,688	4,996,994
Payments to Suppliers	(1,793,301)	767,976	945,486	2,322,145	2,242,306
Payments to Employees	(507,725)	-	(142,977)	(139,464)	(790,166)
	<u>516,074</u>	<u>783,399</u>	<u>808,292</u>	<u>4,341,369</u>	<u>6,449,134</u>
Cash Flows from Noncapital Financing Activities					
Transfers Out	(437,599)	-	-	(58,440)	(496,039)
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(78,475)	-	-	-	(78,475)
Principal Retirement	-	-	(214,995)	(555,403)	(770,398)
Interest and Fiscal Charges	-	-	(256,630)	(868,458)	(1,125,088)
	<u>(78,475)</u>	<u>-</u>	<u>(471,625)</u>	<u>(1,423,861)</u>	<u>(1,973,961)</u>
Cash Flows from Investing Activities					
Interest Received	-	-	59	285,254	285,313
Net Change in Cash and Cash Equivalents	-	783,399	336,726	3,144,322	4,264,447
Cash and Cash Equivalents - Beginning	-	-	-	-	-
Cash and Cash Equivalents - Ending	<u>-</u>	<u>783,399</u>	<u>336,726</u>	<u>3,144,322</u>	<u>4,264,447</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	413,297	108,401	(246,851)	178,686	453,533
Adjustments to Reconcile Operating Income Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	38,553	-	97,907	348,087	484,547
Other Revenues (Expenses)	-	-	148,122	949,628	1,097,750
(Increase) Decrease in Current Assets	(870,582)	(1,142,905)	(297,149)	1,203,047	(1,107,589)
Increase (Decrease) in Current Liabilities	934,806	1,817,903	1,106,263	1,661,921	5,520,893
Net Cash Provided by Operating Activities	<u>516,074</u>	<u>783,399</u>	<u>808,292</u>	<u>4,341,369</u>	<u>6,449,134</u>

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

CITY OF MARKHAM, ILLINOIS

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

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,003,238
Investments	
U.S. Government Obligations	2,139,860
U.S. Agency Obligations	1,733,010
State and Local Government Obligations	207,668
Corporate Bonds	2,941,779
Equity Mutual Funds	12,900,157
Insurance Contracts	4,102,654
Common Stock	357,643
Receivables	
Accrued Interest	64,814
Due from Other Funds	31,829
Prepays	<u>3,697</u>
Total Assets	31,486,349
LIABILITIES	
Accounts Payable	<u>7,367</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>31,478,982</u></u>

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

CITY OF MARKHAM, ILLINOIS

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

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 983,458
Contributions - Plan Members	431,116
Contributions - Other	650
Total Contributions	<u>1,415,224</u>
Investment Earnings	
Interest Earned	1,090,586
Net Change in Fair Value	<u>(870,086)</u>
	220,500
Less Investment Expenses	<u>(74,536)</u>
Net Investment Income	<u>145,964</u>
Total Additions	<u>1,561,188</u>
Deductions	
Administration	105,548
Benefits and Refunds	<u>1,532,822</u>
Total Deductions	<u>1,638,370</u>
Change in Fiduciary Net Position	(77,182)
Net Position Restricted for Pensions	
Beginning	<u>31,556,164</u>
Ending	<u><u>31,478,982</u></u>

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Markham (the City), Illinois, was incorporated in 1925. The City became a ‘home-rule’ unit on August 2, 2006 under the home-rule provision of the State of Illinois (State) law.

The City has a mayor-aldermanic form of government. The Mayor is the Chief Executive Officer of the City and is elected by general election. The City Council is the legislative body and consists of four members who each represent one of the City’s four wards. The members of the Council are elected through popular vote by ward for a four-year term.

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

REPORTING ENTITY

The City’s financial reporting entity comprises the following:

Primary Government:	City of Markham
Discretely Presented Component Unit:	Bradford Anderson Oglesby Public Library

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the City have been included.

Police Pension Employees Retirement System

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

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

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 39 but do not meet the criteria for blending.

Bradford Anderson Oglesby Public Library

The Bradford Anderson Oglesby Public Library (the Library) has a separate elected board and provides service to residents, generally within the geographic boundaries of the City. The Library Board of Trustees annually determines its budget and resulting tax levy. Upon approval of the City, the levy is submitted to the County. All debt of the Library is secured by the full faith and credit of the City. The Library is considered a component unit of the City of Markham for purposes of these financial statements. The Library's report is presented in the City of Markham's Annual Financial Report.

BASIS OF PRESENTATION

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public health and safety, highways and streets, and general administrative services are classified as governmental activities. The City's water and sewer services, solid waste services, the Markham Roller Rink, and the David Webb Jr. Senior Living Complex are classified as business-type activities.

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

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

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

The City does allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

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

Fund Financial Statements

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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

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

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

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

Governmental Funds

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

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

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

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains five capital projects funds. The TIF #1 Canterbury Fund, a major fund, is used to account for the redevelopment of the Canterbury Tax Incremental Financing District. The TIF #3 Dixie Highway Fund, also a major fund, is used to account for the redevelopment of the Dixie Highway Tax Incremental Financing District. The TIF #4 Jevic Business Park Fund, a major fund, is used to account for the redevelopment of the Jevic Business Park Tax Incremental Financing District.

Proprietary Funds

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

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains four major enterprise funds. The Waterworks and Sewerage Fund is used to account for the operating activities of the City's water and sewerage utility services on a user-charge basis to the City's residents. The Solid Waste Fund is used to account for the operating activities of the City's solid waste services on a user-charge basis to the City's residents. The Markham Roller Rink Fund is used to account for the operating activities of the City's roller rink on a customer charge basis to the roller rink customers. The roller rink was acquired and improved and commenced operations during the fiscal year April 30, 2014. The David Webb Jr. Senior Living Complex Fund is used to account for the operating activities of the City's senior living complex on a rental charge basis to the senior living complex residents.

Fiduciary Funds

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

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

Basis of Accounting

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

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

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

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

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

Cash and Investments

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

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

Receivables

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

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

Interfund Receivables, Payables and Activity

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

Prepays

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

Capital Assets

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

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

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

Buildings and Improvements	5 - 40 Years
Machinery and Equipment	5 - 15 Years
Infrastructure	10 - 25 Years

Compensated Absences

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

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

Long-Term Obligations

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

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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

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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

- Prior to July 31, the Mayor submits to the City Council a proposed budget of expenditures/expenses and the means of financing them.
- The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
- Prior to July 31, the budget is legally enacted through passage of an appropriation ordinance.
- Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget which result in a change in total or individual appropriations. Detailed line-item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level. Appropriations lapse at the end of each fiscal year. The City Council may authorize supplemental appropriations during the year. The budget is prepared on the cash basis.

CITY OF MARKHAM, ILLINOIS

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

- All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Projects Funds. Appropriations for Debt Service Funds are established by bond ordinance. During the year, no supplementary appropriations were necessary.
- Annual appropriation budgets are established for the General Fund, the Motor Fuel Tax Fund, the Grant Fund, the Asset Seizure Fund, the 2008A Bond Fund, the 2008B Bond Fund, the 2009B Bond Fund, the 2012 Bond Fund, the TIF #1 Canterbury Mall Plaza Fund, the TIF #3 Dixie Highway Fund, the TIF #4 Jevic Business Park Fund, the Waterworks and Sewerage Fund, the Solid Waste Fund, the Markham Roller Rink Fund, and the David Webb Jr. Senior Living Complex Fund.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
General	\$ 364,869
TIF #1 Canterbury Mall Plaza	345,560
Motor Fuel Tax	5,610
2008A Bond	3,000

DEFICIT FUND BALANCES/NET POSITION

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

Fund	Deficit
General	\$ 10,042,241
Grant	168,625
2008A Bond	363,012
2008B Bond	264,037
2009B Bond	268,339
2012 Bond	105,212
2009B Bond Capital Improvements	694,722
Markham Roller Rink	2,190,873

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

City – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$7,417,672 and the bank balances totaled \$7,571,773. Additionally, the City has \$8,889 invested in the Illinois Funds, which is measured at net asset value per share as determined by the Pool.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy manages its exposure to declines in fair value by limiting the maturity of its investment portfolio to less than one year. The City's investments in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy limits its exposure to credit risk by primarily investing in external investment pools, fully collateralized certificates of deposits and fully collateralized money market funds. At year-end, the City's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy does not address custodial credit risk for deposits. At year-end, \$467,286 of the bank balance of deposits was not covered federal depository or equivalent insurance. The City's investment in the Illinois Funds is not subject to custodial credit risk.

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy diversifies investments to eliminate the risk of loss and by utilizing independent third-party instructions to act as custodians for securities and collateral.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy follows the requirements of the Sate of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. At year-end, the City does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$949,764 and the bank balances totaled \$949,764.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Obligations	\$ 2,139,860	-	1,415,472		-
U.S. Agency Obligations	1,724,606	104,766	344,224	349,268	926,348
State and Local Government Obligations	207,668	80,506	20,965	52,913	53,284
Corporate Bonds	2,941,779	468,080	1,803,405	670,294	-
	<u>7,013,913</u>	<u>653,352</u>	<u>3,584,066</u>	<u>1,072,475</u>	<u>979,632</u>

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

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 2,139,860	2,139,860	-	-
U.S. Agency Obligations	1,724,606	-	1,724,606	-
State and Local Government Obligations	207,668	-	207,668	-
Corporate Bonds	2,941,779	-	2,941,779	-
Equity Securities				
Equity Mutual Funds	8,370,225	8,370,225	-	-
Common Stock	4,102,654	-	4,102,654	-
Insurance Contracts	357,643	357,643	-	-
Total Investments by Fair Value Level	<u>19,844,435</u>	<u>10,867,728</u>	<u>8,976,707</u>	<u>-</u>

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Interest Rate Risk. In accordance with the Fund’s investment policy, the Fund limits its exposure to interest rate risk by matching investment maturities to projected fund liabilities.

Credit Risk. The Fund’s investment policy limits its exposure to credit risk by primarily investing in external investment pools, fully collateralized certificates of deposits and fully collateralized money market funds. The U.S. Agency obligations, state and local government obligations, and corporate bonds were not rated.

Custodial Credit Risk. In the case of deposits, the Fund’s investment policy does not address custodial credit risk for deposits. At year-end, the entire bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, the Fund’s investment policy diversifies investments to eliminate the risk of loss and by utilizing independent third-party instructions to act as custodians for securities and collateral.

Concentration Risk. In accordance with Fund’s investment policy, the Fund follows the requirements of the Illinois Pension Code. At year-end, the Fund does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits. In addition to the securities and fair values listed above, the Fund also has \$8,370,225 invested in equity mutual funds, \$4,102,654 invested in common stock, and \$357,643 invested in insurance contracts.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	40.00%	(1.61%) - 5.28%
Domestic Equities	60.00%	5.12% - 5.34%
International Equities	0.00%	6.34% - 6.61%
Real Estate	0.00%	(2.11%) - 5.88%
Global Infrastructure	0.00%	6.13%
Cash and Cash Equivalents	0.00%	3.13%

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$6,053,474 and the bank balances totaled \$6,053,474.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Agency Obligations	\$ 8,404	-	21	1,653	6,730

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Agency Obligations	\$ 8,404	-	8,404	-
Equity Securities				
Equity Mutual Funds	4,529,932	4,529,932	-	-
Total Investments by Fair Value Level	4,538,336	4,529,932	8,404	-

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

Interest Rate Risk. In accordance with the Fund’s investment policy, the Fund limits its exposure to interest rate risk by matching investment maturities to projected fund liabilities.

Credit Risk. The Fund’s investment policy limits its exposure to credit risk by primarily investing in external investment pools, fully collateralized certificates of deposits and fully collateralized money market funds. The U.S. Agency obligations were not rated.

Custodial Credit Risk. In the case of deposits, the Fund’s investment policy does not address custodial credit risk for deposits. At year-end, the entire bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, the Fund’s investment policy diversifies investments to eliminate the risk of loss and by utilizing independent third-party instructions to act as custodians for securities and collateral.

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Concentration Risk. In accordance with Fund's investment policy, the Fund follows the requirements of the Illinois Pension Code. At year-end, the Fund does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits. In addition to the securities and fair values listed above, the Fund also has \$4,529,932 invested in equity mutual funds.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	0.00% - 30.00%	2.20%
Domestic Equities	10.00% - 65.00%	6.40% - 6.75%
International Equities	15.00%	6.60% - 6.80%
Cash and Cash Equivalents	0.00%	0.00%

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

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

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.46%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discretely Presented Component Unit – Bradford Anderson Oglesby Public Library Deposits and Investments

The Library investment policies permit investments in commercial banks (if a member a FDIC), and to invest in obligations of the US. Treasury and U.S. agencies, short-term commercial paper, Illinois Funds and money market funds.

As of April 30, 2020, the Library’s book balance was \$589,017 and the bank balances totaled \$642,119. At April 30, 2020, the Library had no investments.

PROPERTY TAXES

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

INTERGOVERNMENTAL RECEIVABLE

The General Obligation bonds of 2005B were issued to provide financing to the Bradford Anderson Oglesby Public Library (the Library). The Library is repaying these bonds issued by the City. Future principal and interest payments owed from the Library are as follows, with the principal portion recorded as an intergovernmental receivable in the General fund/governmental activities.

The annual debt service requirements are as follows:

Fiscal Year	Principal	Interest
2021	\$ 250,000	68,738
2022	265,000	55,613
2023	280,000	41,700
2024	295,000	27,000
2025	305,000	13,725
	<u>1,395,000</u>	<u>206,776</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 426,678	-	-	426,678
Depreciable Capital Assets				
Buildings and Improvements	23,908,664	-	-	23,908,664
Machinery and Equipment	6,739,345	90,643	-	6,829,988
Infrastructure	17,560,159	-	-	17,560,159
	<u>48,208,168</u>	<u>90,643</u>	<u>-</u>	<u>48,298,811</u>
Less Accumulated Depreciation				
Buildings and Improvements	9,671,564	587,478	-	10,259,042
Machinery and Equipment	5,996,330	234,447	-	6,230,777
Infrastructure	5,881,411	503,542	-	6,384,953
	<u>21,549,305</u>	<u>1,325,467</u>	<u>-</u>	<u>22,874,772</u>
Net Depreciable Capital Assets	<u>26,658,863</u>	<u>(1,234,824)</u>	<u>-</u>	<u>25,424,039</u>
Net Capital Assets	<u>27,085,541</u>	<u>(1,234,824)</u>	<u>-</u>	<u>25,850,717</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 614,999
Public Health and Safety	203,552
Highways and Streets	<u>506,916</u>
	<u>1,325,467</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 187,140	-	-	187,140
Depreciable Capital Assets				
Buildings and Improvements	18,866,003	-	-	18,866,003
Machinery and Equipment	3,776,845	78,475	-	3,855,320
	<u>22,642,848</u>	<u>78,475</u>	<u>-</u>	<u>22,721,323</u>
Less Accumulated Depreciation				
Buildings and Improvements	3,900,709	453,213	-	4,353,922
Machinery and Equipment	3,658,188	31,334	-	3,689,522
	<u>7,558,897</u>	<u>484,547</u>	<u>-</u>	<u>8,043,444</u>
Net Depreciable Capital Assets	<u>15,083,951</u>	<u>(406,072)</u>	<u>-</u>	<u>14,677,879</u>
Net Capital Assets	<u>15,271,091</u>	<u>(406,072)</u>	<u>-</u>	<u>14,865,019</u>

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

Waterworks and Sewerage	\$ 38,553
Markham Roller Rink	97,907
David Webb Jr. Senior Living Complex	<u>348,087</u>
	<u>484,547</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Discretely Presented Component Unit – Bradford Anderson Oglesby Public Library

The Bradford Anderson Oglesby Public Library capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 23,133	-	-	23,133
Depreciable Capital Assets				
Buildings and Improvements	4,359,125	-	-	4,359,125
Machinery and Equipment	346,034	-	-	346,034
Library Bookmobile	23,381	-	-	23,381
Computer Equipment	81,354	-	-	81,354
Office Equipment	35,008	-	-	35,008
	<u>4,844,902</u>	-	-	<u>4,844,902</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,167,765	108,978	-	1,276,743
Machinery and Equipment	96,607	38,487	-	135,094
Library Bookmobile	28,508	8,508	-	37,016
Computer Equipment	52,403	7,509	-	59,912
Office Equipment	48,978	30,720	-	79,698
	<u>1,394,261</u>	<u>194,202</u>	-	<u>1,588,463</u>
Net Depreciable Capital Assets	<u>3,450,641</u>	<u>(194,202)</u>	-	<u>3,256,439</u>
Net Capital Assets	<u>3,473,774</u>	<u>(194,202)</u>	-	<u>3,279,572</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	TIF #3 Dixie Highway	\$ 1,520
General	Nonmajor Governmental	2,266,728
General	Solid Waste	1,740,276
General	Markham Roller Rink	1,373,196
General	David Webb Jr. Senior Living Complex	1,934,147
TIF #1 Canterbury Mall Plaza	General	4,770,196
TIF #1 Canterbury Mall Plaza	Nonmajor Governmental	268,339
TIF #3 Dixie Highway	General	3,252,466
TIF #3 Dixie Highway	Markham Roller Rink	144,023
TIF #4 Jevic Business Park	General	2,830,142
Nonmajor Governmental	General	161,056
Nonmajor Governmental	Nonmajor Governmental	15,213
Waterworks and Sewerage	General	3,478,815
Solid Waste	General	2,101,533
Solid Waste	Waterworks and Sewerage	1,628,883
David Webb Jr. Senior Living Complex	Nonmajor Governmental	533,724
Police Pension	General	22,057
Firefighters' Pension	General	9,772
		<u>26,532,086</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	TIF #1 Canterbury Mall Plaza	\$ 396,354 (1)
General	TIF #3 Dixie Highway	668,260 (1)
General	TIF #4 Jevic Business Park	313,302 (1)
General	Nonmajor Governmental	229,947 (1)
General	Waterworks and Sewerage	437,599 (1)
General	David Webb Jr. Senior Living Complex	58,440 (1)
Nonmajor Governmental	General	113,226 (3)
Nonmajor Governmental	TIF #3 Dixie Highway	<u>32,261 (2)</u>
		<u><u>2,249,389</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due, and (3) to transfer the remaining 911 Emergency Fund fund balance to the General Fund.

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$5,550,000 General Obligation (Alternate Revenue Source) Bonds of 2005A - Due in annual installments of \$135,000 to \$1,785,000 plus interest at 4.00% to 5.25% through April 1, 2027.	TIF #1 Canterbury Mall Plaza	\$ 3,130,000	-	295,000	2,835,000
\$4,000,000 General Obligation Library Purpose Bonds of 2005B - Due in annual installments of \$215,000 to \$305,000 plus interest at 4.50% to 5.25% through January 1, 2025	General	1,635,000	-	240,000	1,395,000
\$10,000,000 General Obligation Bonds of 2008A - Due in annual installments of \$330,000 to \$1,045,000 plus interest at 5.50% to 6.00% through February 1, 2033.	2008A Bond	9,310,000	-	385,000	8,925,000

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$8,000,000 General Obligation Bonds of 2008B - Due in annual installments of \$260,000 to \$655,000 plus interest at 4.75% to 5.75% through February 1, 2028.	2008B Bond	\$ 4,755,000	-	420,000	4,335,000
\$14,295,000 General Obligation Bonds of 2009A - Due in annual installments of \$355,000 to \$1,430,000 plus interest at 7.40% to 8.00% through December 1, 2030.	David Webb Jr. Senior Living Complex	11,210,000	-	575,000	10,635,000
\$5,500,000 General Obligation Bonds of 2012 - Due in annual installments of \$160,000 to \$450,000 plus interest at 6.00% through December 1, 2032.	Markham Roller Rink	4,440,000	-	210,000	4,230,000
		<u>34,480,000</u>	<u>-</u>	<u>2,125,000</u>	<u>32,355,000</u>

Installment Contracts Payable

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$269,398 Installment Contract of 2014 - Due in monthly installment of \$5,029 including interest of 4.49% on November 20, 2019.	General	\$ 34,178	-	34,178	-

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Capital Leases Payable

The City has entered into seven lease agreements as lessee for financing the acquisition of equipment, vehicles and a street sweeper. Capital assets of \$345,000 have been added to machinery and equipment and \$515,322 has been added to vehicles as a result of these capital leases. These lease agreements qualify as a capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases have been recorded as a governmental activity liability.

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

Fiscal Year	Lease Payments
2021	\$ 145,414
2022	84,215
2023	<u>8,567</u>
	238,196
Interest Portion	<u>(12,617)</u>
Principal Balance	<u><u>225,579</u></u>

Legal Debt Margin

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

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,089,984	103,521	207,042	986,463	197,293
Net Pension Liability - IMRF	2,029,391	-	923,834	1,105,557	-
Net Pension Liability - Police	11,301,607	9,051,564	-	20,353,171	-
Net Pension Liability - Firefighters'	3,966,310	1,150,794	-	5,117,104	-
Total OPEB Liability - RBP	2,626,735	460,182	-	3,086,917	-
Claims Payable	904,121	1,625,441	1,573,331	956,231	-
General Obligation Bonds	18,830,000	-	1,340,000	17,490,000	1,435,000
Unamortized Bond Premium	20,209	-	2,525	17,684	-
Installment Contracts	34,178	-	34,178	-	-
Capital Leases	373,327	-	147,748	225,579	136,237
	<u>41,175,862</u>	<u>12,391,502</u>	<u>4,228,658</u>	<u>49,338,706</u>	<u>1,768,530</u>
Business-Type Activities					
Compensated Absences	67,426	56,429	112,858	10,997	2,199
Net Pension Liability - IMRF	144,734	-	67,995	76,739	-
General Obligation Bonds	15,650,000	-	785,000	14,865,000	845,000
Unamortized Bond Discount	(160,765)	-	(14,602)	(146,163)	-
	<u>15,701,395</u>	<u>56,429</u>	<u>951,251</u>	<u>14,806,573</u>	<u>847,199</u>
Discretely Presented Component Unit -					
Bradford Anderson Oglesby Public Library					
Net Pension Liability - IMRF	225,307	-	129,471	95,836	-
Total OPEB Liability - RBP	9,476	-	950	8,526	-
Intergovernmental Payable	1,635,000	-	240,000	1,395,000	250,000
	<u>1,869,783</u>	<u>-</u>	<u>370,421</u>	<u>1,499,362</u>	<u>250,000</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For the governmental activities, payments on the compensated absences, the net pension liabilities, the claims payable, the demand bonds, and the total OPEB liability are made by the General Fund. Payments on general obligation bonds are being liquidated by the General Fund, the TIF #1 Canterbury Mall Plaza Fund, the 2008A Bond Fund, and the 2008B Bond Fund. The General Fund makes payments on the installment contracts. The General Fund makes payments on the capital leases.

Additionally, for business-type activities, the compensated absences are being liquidated by the Waterworks and Sewerage Fund, the Markham Roller Rink Fund, and the David Webb Jr. Senior Living Complex Fund. The Waterworks and Sewerage Fund makes payments on the net pension liability. The David Webb Jr. Senior Living Complex Fund and the Markham Roller Rink make payment on the general obligation bonds.

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities		Discretely Presented Component Unit Bradford Anderson Oglesby Public Library	
	General Obligation Bonds		General Obligation Bonds		Intergovernmental Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,435,000	972,086	845,000	1,077,840	250,000	68,738
2022	1,530,000	908,761	905,000	1,018,460	265,000	55,613
2023	1,635,000	813,546	960,000	954,850	280,000	41,700
2024	1,750,000	713,422	1,030,000	887,310	295,000	27,000
2025	1,860,000	638,747	1,105,000	814,800	305,000	13,725
2026	1,645,000	558,909	1,180,000	737,020	-	-
2027	1,770,000	451,919	1,375,000	653,900	-	-
2028	1,360,000	334,328	1,470,000	550,300	-	-
2029	765,000	256,128	1,585,000	439,400	-	-
2030	830,000	212,140	1,705,000	319,700	-	-
2031	895,000	164,415	1,830,000	190,900	-	-
2032	970,000	113,848	425,000	52,500	-	-
2033	1,045,000	59,043	450,000	27,000	-	-
Totals	17,490,000	6,197,292	14,865,000	7,723,980	1,395,000	206,776

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERGOVERNMENTAL AGREEMENT

On February 15, 2012, the City and the Markham Park District (the District) entered into an intergovernmental agreement (Agreement) under which the District engaged the City to operate and maintain the District facilities including all real and personal property, equipment, tools and other items owned or leased by the District. Under this agreement, the City agreed to take full operational and maintenance responsibilities for all District facilities and programs and services to be operated in the City. Amounts paid by the City to the District totaled \$3,587,891 for the fiscal year ended April 30, 2013, \$525,932 for the fiscal year ended April 30, 2014, \$60,000 for the fiscal year ended April 30, 2015, \$70,000 for the fiscal year ended April 30, 2016, \$70,000 for the fiscal year ended April 30, 2017, \$70,000 for the fiscal year ended April 30, 2018, \$89,088 for the fiscal year ended April 30, 2019, and \$195,739 for the fiscal year ended April 30, 2020.

In consideration of the City's agreement to service the District, the District agreed to pay the City twice annually an amount equal to all "net tax revenue" meaning all tax revenue received by the District minus debt service obligations and annual administrative expenses. Notwithstanding the foregoing, no such payments have been made since the inception of the agreement referenced above and through the date of this report.

The terms of the Agreement are ten years from the effective date of the Agreement. The Agreement shall automatically be extended for an additional twenty years unless either party gives the other party at least six months' notice of non-renewal.

ECONOMIC DEVELOPMENT

The City has entered into economic development agreements with companies to provide sales tax rebates. As of April 30, 2020, one agreement has been executed for stores that have opened. The agreement requires the City to rebate the company different amount of sales tax generated by the facilities. This agreement requires 50% of municipal sales tax to be rebated in annual installments through December 31, 2020. Total expenditures incurred for the fiscal year ended April 30, 2020 were \$19,196.

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE

Net Position Classifications

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

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 25,850,717
Less Capital Related Debt:	
General Obligation (Alternate Revenue Source) Bonds of 2005A	(2,835,000)
General Obligation Library Purpose Bonds of 2005B	(1,395,000)
General Obligation Bonds of 2008A	(8,925,000)
General Obligation Bonds of 2008B	(4,335,000)
Unamortized Bond Premium	(17,684)
Capital Lease Payable	(225,579)
	<hr/>
Net Investment in Capital Assets	<u>8,117,454</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	14,865,019
Less Capital Related Debt:	
General Obligation Bonds of 2009A	(10,635,000)
General Obligation Bonds of 2012	(4,230,000)
Unamortized Bond Discount	146,163
	<hr/>
Net Investment in Capital Assets	<u>146,182</u>
Discretely Presented Component Unit - Bradford Anderson Oglesby Public Library	
Capital Assets - Net of Accumulated Depreciation	3,279,572
Less Capital Related Debt:	
Intergovernmental Payable	(1,395,000)
	<hr/>
Net Investment in Capital Assets	<u>1,884,572</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications

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

	General	Capital Projects			Nonmajor	Totals
		TIF #1 Canterbury Mall Plaza	TIF #3 Dixie Highway	TIF #4 Jevic Buxiness Park		
Fund Balances						
Nonspendable						
Prepays	\$ 190,558	-	-	-	-	190,558
Restricted						
Public Safety	29,696	-	-	-	21,167	50,863
Impact Fees	29,534	-	-	-	-	29,534
Special Events	18,147	-	-	-	-	18,147
Hotel/Motel TIF	-	-	-	-	854,470	854,470
Highways and Streets	-	-	-	-	886,152	886,152
Debt Service	-	-	-	-	419,540	419,540
	<u>77,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,181,329</u>	<u>2,258,706</u>
Assigned						
Capital Projects	-	5,038,535	3,394,969	2,830,142	328	11,263,974
Unassigned	<u>(10,310,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,863,947)</u>	<u>(12,174,123)</u>
Total Fund Balances	<u>(10,042,241)</u>	<u>5,038,535</u>	<u>3,394,969</u>	<u>2,830,142</u>	<u>317,710</u>	<u>1,539,115</u>

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications - Continued

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

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

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

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

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

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

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees.

The City is self-insured for a portion of its general liability and workers' compensation claims. Under this program, the City has a self-insurance retention of between \$100,000 and \$250,000 for each general liability and workers' compensation claim based on type of claim.

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

The City currently reports all of its risk management activities as governmental activities. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported that was determined using historical claims data.

As of April 30, 2020, that amount of these liabilities total \$956,231 which is the City's best estimate based on available information. Changes in the reported liability since April 30, 2020 resulted in the following:

Claims Payable - April 30, 2018	\$ 989,171
Incurred Claims	1,072,665
Claims Paid	<u>(1,157,715)</u>
Claims Payable - April 30, 2019	904,121
Incurred Claims	1,625,441
Claims Paid	<u>(1,573,331)</u>
Claims Payable - April 30, 2020	<u>956,231</u>

CONTINGENT LIABILITIES

Litigation

The City of Markham has been served with a subpoena from each of the United States Department of Justice and the Securities and Exchange Commission for records. The records pertain to issuance of Municipal Bonds. The City is cooperating with the governmental entities and producing documents requested by the government without limitation. The government has not advised the City of any specific direction for the subpoena except that the government is collecting and analyzing documents.

Grants

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

Financial Impact from COVID-19

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURE

CalComm Regional Joint ETSB

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

CalComm is governed by Board of Directors, which consists of one representative for each member of CalComm and signatory to the intergovernmental agreement and the bylaws. The Board, shall have the authority to hire, fix the salary and job descriptions, and remove the employees of CalComm with recommendation from the Executive Director. In accordance with the intergovernmental agreement, the City remitted \$454,983 to the Center for the year ended April 30, 2020, which is recorded in the City's General Fund.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 16313 Kedzie, Markham, Illinois 60428. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
IMRF				
City	\$ 1,182,296	654,521	962,622	526,139
Library	95,836	53,055	78,029	13,861
Police Pension	20,353,171	9,508,923	3,845,849	2,778,154
Firefighters' Pension	5,117,104	1,192,081	1,266,738	704,709
	<u>26,748,407</u>	<u>11,408,580</u>	<u>6,153,238</u>	<u>4,022,863</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

Plan Membership. As of December 31, 2019, the measurement date, the following employees for the City and Library were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	48
Inactive Plan Members Entitled to but not yet Receiving Benefits	46
Active Plan Members	<u>59</u>
Total	<u><u>153</u></u>

Contributions. As set by statute, the City's and Library's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2020, the City's contribution was 12.56% of covered payroll and the Library's contribution was 12.56% of covered payroll.

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

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.35% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

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

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

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

Discount Rate

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

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 net pension liability of the City calculated using the discount rate as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability			
City	\$ 2,521,865	1,182,296	71,090
Library	204,420	95,836	5,762
	<u>2,726,285</u>	<u>1,278,132</u>	<u>76,852</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	City	Library	Totals
Total Pension Liability			
Service Cost	\$ 262,061	21,242	283,303
Interest	843,917	19,334	863,251
Differences Between Expected and Actual Experience	(130,288)	(10,561)	(140,849)
Change of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(839,814)	(68,075)	(907,889)
Net Change in Total Pension Liability	135,876	(38,060)	97,816
Total Pension Liability - Beginning	11,259,900	959,304	12,219,204
Total Pension Liability - Ending	11,395,776	921,244	12,317,020
Plan Fiduciary Net Position			
Contributions - Employer	274,535	22,254	296,789
Contributions - Members	119,607	9,695	129,302
Net Investment Income	1,717,597	139,227	1,856,824
Benefit Payments, Including Refunds of Member Contributions	(839,814)	(68,075)	(907,889)
Other (Net Transfer)	(144,220)	(11,690)	(155,910)
Net Change in Plan Fiduciary Net Position	1,127,705	91,411	1,219,116
Plan Net Position - Beginning	9,085,775	733,997	9,819,772
Plan Net Position - Ending	10,213,480	825,408	11,038,888
Employer's Net Pension Liability	1,182,296	95,836	1,278,132

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2020, the City recognized pension expense of \$526,139 and the Library recognized pension expense of \$13,861. At April 30, 2020, the City and Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 347,967	(365,986)	28,206	(29,666)	(19,479)
Change in Assumptions	178,510	(171,418)	14,470	(13,895)	7,667
Net Difference Between Projected and Actual	-	(425,218)	-	(34,468)	(459,686)
Total Pension Expense to be Recognized in Future Periods	526,477	(962,622)	42,676	(78,029)	(471,498)
Pension Contributions Made Subsequent to the Measurement Date	128,044	-	10,379	-	138,423
Total Deferred Amounts Related to IMRF	654,521	(962,622)	53,055	(78,029)	(333,075)

\$128,044 for the City and \$10,379 for the Library reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources		
	City	Library	Totals
2021	\$ (55,287)	(4,482)	(59,769)
2022	(145,065)	(11,759)	(156,824)
2023	(9,321)	(756)	(10,077)
2024	(226,472)	(18,356)	(244,828)
2025	-	-	-
Thereafter	-	-	-
Totals	(436,145)	(35,353)	(471,498)

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

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

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

Inactive Plan Members Currently Receiving Benefits	21
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>35</u>
Total	<u><u>58</u></u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2020, the City's contribution was 21.43% of covered payroll.

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

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.00%
Cost of Living Adjustments	2.25%
Inflation	2.25%

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

Discount Rate

A Single Discount Rate of 5.02% was used to measure the total pension liability, while the prior year used a discount rate of 6.64%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 2.56%, and the resulting single discount rate is 6.02%.

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (4.02%)	Current Discount Rate (5.02%)	1% Increase (6.02%)
Net Pension Liability	\$ 27,597,293	20,353,171	14,636,948

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	\$ 32,424,249	21,122,642	11,301,607
Changes for the Year:			
Service Cost	816,653	-	816,653
Interest on the Total Pension Liability	2,113,503	-	2,113,503
Difference Between Expected and Actual Experience of the Total Pension Liability	(93,018)	-	(93,018)
Changes of Assumptions	6,840,831	-	6,840,831
Changes in Benefit Terms	293,378		293,378
Contributions - Employer	-	628,872	(628,872)
Contributions - Employees		265,341	(265,341)
Contributions - Other	-	650	(650)
Net Investment Income	-	98,221	(98,221)
Benefit Payments, including Refunds of Employee Contributions	(1,188,782)	(1,188,782)	-
Administrative Expenses	-	(73,301)	73,301
Net Changes	8,782,565	(268,999)	9,051,564
Balances at April 30, 2020	41,206,814	20,853,643	20,353,171

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

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

For the year ended April 30, 2020, the City recognized pension expense of \$2,778,154. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 408,061	(1,578,526)	(1,170,465)
Change in Assumptions	8,051,308	(2,267,323)	5,783,985
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,049,554	-	1,049,554
Total Deferred Amounts Related to Police Pension	<u>9,508,923</u>	<u>(3,845,849)</u>	<u>5,663,074</u>

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

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 920,515
2022	976,279
2023	916,629
2024	521,484
2025	760,159
Thereafter	<u>1,568,008</u>
Total	<u>5,663,074</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan

Plan Descriptions

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

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

Inactive Plan Members Currently Receiving Benefits	6
Inactive Plan Members Entitled to but not yet Receiving Benefits	3
Active Plan Members	<u>19</u>
Total	<u><u>28</u></u>

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

The Firefighters’ Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2020, the City's contribution was 24.48% of covered payroll.

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

CITY OF MARKHAM, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Plan Descriptions – Continued

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.00%
Salary Increases	3.25%
Cost of Living Adjustments	3.00%
Inflation	2.50%

Mortality rates are based on the assumption study prepared by an independent actuary in 2016. The table combines observed experience of Illinois Firefighters' with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 6.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability	\$ 8,194,409	5,117,104	2,715,972

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	\$ 14,399,832	10,433,522	3,966,310
Changes for the Year:			
Service Cost	438,598	-	438,598
Interest on the Total Pension Liability	879,985	-	879,985
Difference Between Expected and Actual Experience of the Total Pension Liability	329,423	-	329,423
Changes of Assumptions	-	-	-
Changes in Benefit Terms	9,170	-	9,170
Contributions - Employer	-	354,586	(354,586)
Contributions - Employees	29,475	165,775	(136,300)
Net Investment Income	-	47,743	(47,743)
Benefit Payments, including Refunds of Employee Contributions	(344,040)	(344,040)	-
Administrative Expenses	-	(32,247)	32,247
Net Changes	1,342,611	191,817	1,150,794
Balances at April 30, 2020	15,742,443	10,625,339	5,117,104

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

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

For the year ended April 30, 2020, the City recognized pension expense of \$704,709. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 410,107	(22,194)	387,913
Change in Assumptions	278,054	(1,244,544)	(966,490)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	503,920	-	503,920
Total Deferred Amounts Related to Firefighters' Pension	<u>1,192,081</u>	<u>(1,266,738)</u>	<u>(74,657)</u>

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

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2021	\$ 24,298
2022	53,511
2023	68,675
2024	36,212
2025	(80,306)
Thereafter	<u>(177,047)</u>
Total	<u><u>(74,657)</u></u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

Benefits Provided. RBP provides healthcare for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City are eligible to receive postemployment health care benefits. Coverage for retirees and their spouses and dependents is provided for life.

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

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>150</u>
Total	<u><u>155</u></u>

Total OPEB Liability

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

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability – Continued

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

Inflation	3.50%
Salary Increases	3.50%
Discount Rate	2.91%
Healthcare Cost Trend Rates	7.50% for 2020, decreasing at a rate of 0.5% per year to an ultimate rate of 4.5% for fiscal years 2026 and after.
Retirees' Share of Benefit-Related Costs	Retirees pay 100% of the bended cost of coverage. The City pays 100% of the cost of retiree and dependent coverage for disabled Police Officers and Firefighters receiving PSEBA benefits.

The discount rate was based on the measurement date of the Municipal Bond 20 Year High Grade Rate Index as published.

Mortality rates were based on the RP-2014 base rates projected to 2019 using scale MP-2018.

Change in the Total OPEB Liability

	City	Library	Totals
Balance at April 30, 2019	\$ 2,626,735	9,476	2,636,211
Changes for the Year:			
Service Cost	161,712	447	162,159
Interest on the Total Pension Liability	100,457	(1,944)	98,513
Difference Between Expected and Actual Experience	-	-	-
Changes of Assumptions or Other Inputs	271,587	750	272,337
Benefit Payments	(73,574)	(203)	(73,777)
Net Changes	460,182	(950)	459,232
Balance at April 30, 2020	3,086,917	8,526	3,095,443

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.91% while the prior valuation used 3.79%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.91%)	Current Discount Rate (2.91%)	1% Increase (3.91%)
Total OPEB Liability			
City	\$ 3,441,210	3,086,917	2,777,074
Library	9,505	8,526	7,670
	<u>3,450,715</u>	<u>3,095,443</u>	<u>2,784,744</u>

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

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

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability			
City	\$ 2,682,136	3,086,917	3,571,204
Library	7,408	8,526	9,864
	<u>2,689,544</u>	<u>3,095,443</u>	<u>3,581,068</u>

CITY OF MARKHAM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

For the year ended April 30, 2020, the City recognized OPEB revenue of \$281,386 and the Library recognized OPEB revenue of \$1,471. At April 30, 2020, the City and Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ -	(75,739)	-	(209)	(75,948)
Change in Assumptions	296,495	-	819	-	297,314
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-	-	-
Total Deferred Amounts Related to OPEB	296,495	(75,739)	819	(209)	221,366

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

Fiscal Year	Net Deferred Outflows of Resources		
	City	Library	Totals
2021	\$ 19,190	53	19,243
2022	19,190	53	19,243
2023	19,190	53	19,243
2024	19,190	53	19,243
2025	19,190	53	19,243
Thereafter	124,806	345	125,151
Totals	220,756	610	221,366

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Investment Returns
 - Police Pension Fund
 - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefits Plan

- Budgetary Comparison Schedule
 - General Fund

Notes to the Required Supplementary Information

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

CITY OF MARKHAM, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2020**

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	Totals	\$ 366,562	\$ 366,562	\$ -	\$ 3,651,669	10.04%
2019	Totals	324,744	324,744	-	3,111,097	10.44%
2020	City	311,057	311,057	-	2,476,883	12.56%
2020	Library	25,214	25,214	-	200,774	12.56%
	Totals	336,271	336,271	-	2,677,657	12.56%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMFR specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note:

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

CITY OF MARKHAM, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 947,543	\$ 955,232	\$ 7,689	\$ 3,281,421	29.11%
2017	933,430	992,561	59,131	2,900,615	34.22%
2018	1,181,559	957,445	(224,114)	2,994,885	31.97%
2019	1,308,627	878,115	(430,512)	2,838,955	30.93%
2020	1,209,171	628,872	(580,299)	2,934,729	21.43%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.25%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 adjusted for plan status, collar, and Illinois Public Pension Data, as appropriate

Note:

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

CITY OF MARKHAM, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2020**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 390,098	\$ 378,155	\$ (11,943)	\$ 1,232,421	30.68%
2017	369,443	697,575	328,132	1,312,457	53.15%
2018	523,004	605,581	82,577	1,204,750	50.27%
2019	550,952	577,069	26,117	1,145,567	50.37%
2020	646,035	354,586	(291,449)	1,448,248	24.48%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	16 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.25%
Investment Rate of Return	6.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Study, with blue collar adjustment and improved generationally using MP-2016 improvement rates.

Note:

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

CITY OF MARKHAM, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2020

	12/31/2017	12/31/2018
	Totals	Totals
Total Pension Liability		
Service Cost	\$ 347,062	323,950
Interest	827,271	879,290
Differences Between Expected and Actual Experience	650,766	(490,369)
Change of Assumptions	(426,959)	329,099
Benefit Payments, Including Refunds of Member Contributions	(616,696)	(769,305)
	<hr/>	<hr/>
Net Change in Total Pension Liability	781,444	272,665
Total Pension Liability - Beginning	11,165,095	11,946,539
	<hr/>	<hr/>
Total Pension Liability - Ending	11,946,539	12,219,204
	<hr/>	<hr/>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 393,295	345,781
Contributions - Members	157,207	145,159
Net Investment Income	1,586,247	(596,467)
Benefit Payments, Including Refunds of Member Contributions	(616,696)	(769,305)
Other (Net Transfer)	(56,836)	225,086
	<hr/>	<hr/>
Net Change in Plan Fiduciary Net Position	1,463,217	(649,746)
Plan Net Position - Beginning	9,006,301	10,469,518
	<hr/>	<hr/>
Plan Net Position - Ending	10,469,518	9,819,772
	<hr/>	<hr/>
Employer's Net Pension Liability	\$ 1,477,021	2,399,432
	<hr/>	<hr/>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.64%	80.36%
Covered Payroll	\$ 3,468,589	3,218,042
Employer's Net Pension Liability as a Percentage of Covered Payroll	42.58%	74.56%

Note:

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

12/31/2019		
City	Library	Totals
262,061	21,242	283,303
843,917	19,334	863,251
(130,288)	(10,561)	(140,849)
-	-	-
(839,814)	(68,075)	(907,889)
135,876	(38,060)	97,816
11,259,900	959,304	12,219,204
11,395,776	921,244	12,317,020
274,535	22,254	296,789
119,607	9,695	129,302
1,717,597	139,227	1,856,824
(839,814)	(68,075)	(907,889)
(144,220)	(11,690)	(155,910)
1,127,705	91,411	1,219,116
9,085,775	733,997	9,819,772
10,213,480	825,408	11,038,888
1,182,296	95,836	1,278,132
89.63%	89.60%	89.62%
2,655,048	215,216	2,870,264
44.53%	44.53%	44.53%

CITY OF MARKHAM, ILLINOIS

Police Pension Fund

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

	<u>4/30/2016</u>
Total Pension Liability	
Service Cost	\$ 793,093
Interest	1,621,861
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	966,309
Change of Assumptions	2,737,177
Benefit Payments, Including Refunds of Member Contributions	<u>(903,647)</u>
Net Change in Total Pension Liability	5,214,793
Total Pension Liability - Beginning	<u>26,738,067</u>
Total Pension Liability - Ending	<u><u>31,952,860</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 955,232
Contributions - Members	263,551
Contributions - Other	-
Net Investment Income	(269,419)
Benefit Payments, Including Refunds of Member Contributions	(903,647)
Administrative Expense	<u>73,124</u>
Net Change in Plan Fiduciary Net Position	118,841
Plan Net Position - Beginning	<u>16,914,547</u>
Plan Net Position - Ending	<u><u>17,033,388</u></u>
Employer's Net Pension Liability	<u>\$ 14,919,472</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.31%
Covered Payroll	\$ 3,281,421
Employer's Net Pension Liability as a Percentage of Covered Payroll	454.66%

Note:

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

4/30/2017	4/30/2018	4/30/2019	4/30/2020
740,482	792,316	812,550	816,653
2,197,996	2,022,983	2,131,717	2,113,503
-	-	-	293,378
32,621	66,991	(2,056,853)	(93,018)
(4,296,450)	1,725,817	(174,731)	6,840,831
(1,105,826)	(1,243,868)	(1,174,356)	(1,188,782)
(2,431,177)	3,364,239	(461,673)	8,782,565
31,952,860	29,521,683	32,885,922	32,424,249
29,521,683	32,885,922	32,424,249	41,206,814
992,561	957,445	878,115	628,872
262,948	257,834	256,912	265,341
725	650	650	650
1,474,473	1,378,865	1,317,553	98,221
(1,105,826)	(1,243,868)	(1,174,356)	(1,188,782)
(55,906)	(57,497)	(52,024)	(73,301)
1,568,975	1,293,429	1,226,850	(268,999)
17,033,388	18,602,363	19,895,792	21,122,642
18,602,363	19,895,792	21,122,642	20,853,643
10,919,320	12,990,130	11,301,607	20,353,171
63.01%	60.50%	65.14%	50.61%
2,900,615	2,994,885	2,838,955	2,934,729
376.45%	433.74%	398.09%	693.53%

CITY OF MARKHAM, ILLINOIS

Firefighters' Pension Fund

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

	<u>4/30/2016</u>
Total Pension Liability	
Service Cost	\$ 565,986
Interest	570,620
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(126,391)</u>
Net Change in Total Pension Liability	1,010,215
Total Pension Liability - Beginning	<u>11,637,634</u>
Total Pension Liability - Ending	<u><u>12,647,849</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 378,155
Contributions - Members	111,668
Net Investment Income	(15,017)
Benefit Payments, Including Refunds of Member Contributions	(126,391)
Administrative Expense	<u>(6,035)</u>
Net Change in Plan Fiduciary Net Position	342,380
Plan Net Position - Beginning	<u>6,824,907</u>
Plan Net Position - Ending	<u><u>7,167,287</u></u>
Employer's Net Pension Liability	<u><u>\$ 5,480,562</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.67%
Covered Payroll	\$ 1,232,421
Employer's Net Pension Liability as a Percentage of Covered Payroll	444.70%

Note:

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

4/30/2017	4/30/2018	4/30/2019	4/30/2020
467,641	476,262	453,096	438,598
732,555	747,885	801,523	879,985
-	-	-	9,170
166,712	(33,287)	5,281	329,423
(1,823,578)	(69,835)	357,497	-
(121,979)	(161,409)	(246,381)	(314,565)
(578,649)	959,616	1,371,016	1,342,611
12,647,849	12,069,200	13,028,816	14,399,832
12,069,200	13,028,816	14,399,832	15,742,443
697,575	605,581	577,069	354,586
137,513	121,688	116,272	165,775
596,776	599,234	425,730	47,743
(121,980)	(161,409)	(246,381)	(344,040)
(24,533)	(23,982)	(32,918)	(32,247)
1,285,351	1,141,112	839,772	191,817
7,167,287	8,452,638	9,593,750	10,433,522
8,452,638	9,593,750	10,433,522	10,625,339
3,616,562	3,435,066	3,966,310	5,117,104
70.03%	73.63%	72.46%	67.49%
1,312,457	1,204,750	1,145,567	1,448,248
275.56%	285.13%	346.23%	353.33%

CITY OF MARKHAM, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2020**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2016	(3.52%)
2017	13.08%
2018	11.78%
2019	7.02%
2020	7.40%

Note:

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

CITY OF MARKHAM, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Investment Returns

April 30, 2020

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2016	(3.85%)
2017	4.95%
2018	3.10%
2019	(0.05%)
2020	(3.46%)

Note:

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

CITY OF MARKHAM, ILLINOIS

Retiree Benefits Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
April 30, 2020**

	4/30/2019	4/30/2020		Totals
	Totals	City	Library	
Total OPEB Liability				
Service Cost	\$ 156,238	161,712	447	162,159
Interest	97,016	100,457	(1,944)	98,513
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(90,612)	-	-	-
Change of Assumptions or Other Inputs	56,091	271,587	750	272,337
Benefit Payments	(68,630)	(73,574)	(203)	(73,777)
Net Change in Total OPEB Liability	150,103	460,182	(950)	459,232
Total OPEB Liability - Beginning	2,486,108	2,626,735	9,476	2,636,211
Total OPEB Liability - Ending	2,636,211	3,086,917	8,526	3,095,443
Covered Payroll	\$ 1,813,540	8,091,311	22,348	8,113,659
Total OPEB Liability as a Percentage of Covered Payroll	145.36%	38.15%	38.15%	38.15%

Notes:

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

Changes of Assumptions. There were changes in assumptions related to the discount rate for the year 2019 and 2020.

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 9,481,753	9,481,753	9,309,365
Intergovernmental	3,505,000	3,505,000	3,926,126
Licenses and Permits	548,700	548,700	311,589
Charges for Services	343,550	343,550	83,402
Fines and Forfeitures	666,500	666,500	580,277
Interest	-	-	5,584
Miscellaneous	469,230	469,230	430,550
Total Revenues	<u>15,014,733</u>	<u>15,014,733</u>	<u>14,646,893</u>
Expenditures			
General Government	8,946,701	8,946,701	8,472,081
Public Safety	5,976,967	5,976,967	6,648,682
Highways and Streets	1,082,895	1,082,895	941,809
Debt Service			
Principal Retirement	209,770	209,770	421,926
Interest and Fiscal Charges	-	-	96,225
Total Expenditures	<u>16,216,333</u>	<u>16,216,333</u>	<u>16,580,723</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,201,600)</u>	<u>(1,201,600)</u>	<u>(1,933,830)</u>
Other Financing Sources (Uses)			
Transfers In	1,251,600	1,251,600	2,103,902
Transfers Out	-	-	(113,226)
	<u>1,251,600</u>	<u>1,251,600</u>	<u>1,990,676</u>
Net Change in Fund Balance	<u>50,000</u>	<u>50,000</u>	56,846
Fund Balance - Beginning			<u>(10,099,087)</u>
Fund Balance - Ending			<u>(10,042,241)</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

911 Emergency Fund

The 911 Emergency Fund is used to account for the emergency communications operation that receives calls from the public for emergency service requests.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the motor fuel tax allotments from the State of Illinois, and the expenditures for the purpose of street maintenance and improvements.

Grant Fund

The Grant Fund is used to account for the support activities and required match-funding for a variety of grants from agencies including US Department of Housing and Urban Development, Illinois Housing Development Agency, the Environmental Protection Agency, US Department of Transportation, US Department of Agriculture.

Asset Seizure Fund

The Assets Seizure Fund is used to account for expenditures related to public safety. Revenues are primarily received from the seizure of assets within the City limits.

TIF #2 Hotel/Motel Tax Fund

The TIF #2 Hotel/Motel Tax Fund is used to account for service and marketing of Markham hotel/motels.

TIF #5 Interstate

The TIF #5 Interstate Fund is used to account for the redevelopment of the Interstate Crossing Incremental Financing District and receipt of incremental tax revenues.

INDIVIDUAL FUND DESCRIPTIONS

DEBT SERVICE FUNDS

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

2001 Bond Fund

The 2001 Bond Fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's 2001 Bond long-term debt.

2008A Bond Fund

The 2008A Bond Fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's 2008A Bond long-term debt.

2008B Bond Fund

The 2008B Bond Fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's 2008B Bond long-term debt.

2009B Bond Fund

The 2009B Bond Fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's 2009B Bond long-term debt.

2012 Bond Fund

The 2012 Bond Fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's 2012 Bond long-term debt.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary and Trust Funds.

TIF #1 Canterbury Mall Plaza Fund

The TIF #1 Canterbury Mall Plaza Fund is used to account for the redevelopment of the Canterbury Tax Incremental Financing District.

INDIVIDUAL FUND DESCRIPTIONS

CAPITAL PROJECTS FUNDS – Continued

TIF #3 Dixie Highway Fund

The TIF #3 Dixie Highway Fund is used to account for the redevelopment of the Dixie Highway Tax Incremental Financing District.

TIF #4 Jevic Business Park Fund

The TIF #4 Jevic Business Park Fund is used to account for the redevelopment of the Jevic Business Park Tax Incremental Financing District.

2009B Bond Capital Improvements Fund

The 2009B Bond Capital Improvements Fund is used to account for the proceeds of the 2009B Bond debt issuance used for the acquisition or construction of capital projects, other than those financed by Special Revenue, Enterprise or Trust and Agency Funds.

2012 Bond Capital Improvements Fund

The 2012 Bond Capital Improvements Fund is used to account for the proceeds of the 2012 Bond debt issuance used for the acquisition or construction of capital projects, other than those financed by Special Revenue, Enterprise or Trust and Agency Funds.

ENTERPRISE FUNDS

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

Waterworks and Sewerage Fund

The Waterworks and Sewerage Fund is used to account for the operating activities of the City's water and sewerage utility services on a user-charge basis to the City's residents.

Solid Waste Fund

The Solid Waste Fund is used to account for the operating activities of the City's solid waste services on a user-charge basis to the City's residents.

INDIVIDUAL FUND DESCRIPTIONS

ENTERPRISE FUNDS – Continued

Markham Roller Rink Fund

The Markham Roller Rink Fund is used to account for the operating activities of the City's roller rink on a customer charge basis to the roller rink customers. The roller rink was acquired and improved and commenced operations during the fiscal year April 30, 2014.

David Webb Jr. Senior Living Complex Fund

The David Webb Jr. Senior Living Complex Fund is used to account for the operating activities of the City's senior living complex on a rental charge basis to the senior living complex residents.

TRUST FUNDS

PENSION TRUST FUNDS

Police Pension Fund

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

Firefighters' Pension Fund

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

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 7,651,253	7,651,253	7,346,789
Telecommunication Tax	200,000	200,000	170,469
Auction Tax	70,000	70,000	68,793
Utility Tax	560,000	560,000	628,529
Video Gaming Tax	160,000	160,000	182,126
Casino Revenue Sharing Tax	670,000	670,000	714,702
Franchise Tax	100,000	100,000	107,211
Liquor Tax	5,500	5,500	5,553
Foreign Fire Tax	-	-	23,736
Hotel/Motel Tax	65,000	65,000	61,457
Total Taxes	9,481,753	9,481,753	9,309,365
Intergovernmental			
State Income Tax	1,280,000	1,280,000	1,355,671
Sales Tax	1,600,000	1,600,000	1,465,175
Replacement Tax	75,000	75,000	102,300
Local Use Tax	350,000	350,000	450,151
Local Motor Fuel Tax	200,000	200,000	178,091
Intergovernmental Revenue	-	-	374,738
Total Intergovernmental	3,505,000	3,505,000	3,926,126
Licenses and Permits			
Liquor License	80,000	80,000	11,250
Inspections and Permits	59,200	59,200	62,100
Business and Vending License	200,000	200,000	73,493
Building Inspections and Permits	130,000	130,000	97,621
Other	79,500	79,500	67,125
Total Licenses and Permits	548,700	548,700	311,589

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Charges for Services			
Rental Income	\$ 24,000	24,000	-
Impact Fees	45,000	45,000	-
Cell Tower Income	180,000	180,000	-
Vehicle Stickers - Motorcycle Bands	550	550	510
Vehicle Stickers -Trucks	26,000	26,000	24,315
Vehicle Stickers - Auto	68,000	68,000	58,577
Total Charges for Services	343,550	343,550	83,402
Fines and Forfeitures			
Zero Tolerance	-	-	233,884
Photo Enforcement	410,000	410,000	195,997
Fines and Other	256,500	256,500	150,396
Total Fines and Forfeitures	666,500	666,500	580,277
Interest	-	-	5,584
Miscellaneous			
Special Events	2,500	2,500	6,200
Deposits	6,000	6,000	-
IL Debt Recovery Proceeds	200,000	200,000	116,364
Other	260,730	260,730	307,986
Total Miscellaneous	469,230	469,230	430,550
Total Revenues	15,014,733	15,014,733	14,646,893

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
General Government			
Mayor's Office			
Mayor's Expenditures	\$ 15,000	15,000	15,000
Materials and Supplies	1,530	1,530	857
Inspector General	30,000	30,000	78,855
Executive Assistant to the Mayor	60,000	60,000	73,464
Public Relation Consultant	28,000	28,000	21,633
Mayor's Office	95,000	95,000	95,522
Special Events	3,600	3,600	7,175
Subscriptions and Dues	1,200	1,200	8,067
Public Relations	5,000	5,000	6,859
	<u>239,330</u>	<u>239,330</u>	<u>307,432</u>
City Council			
Illinois Muncipal League	-	-	150
Ward I Hampton - Salary	20,000	20,000	34,725
Ward II McDowell - Salary	20,000	20,000	5,495
Ward III Jones - Salary	20,000	20,000	20,110
Ward IV Barron - Salary	20,000	20,000	20,110
Ward I Hampton - Expendiutres	16,200	16,200	16,200
Ward II McDowell - Expendiutres	16,200	16,200	16,200
Ward III Jones - Expendiutres	16,200	16,200	16,200
Ward IV Barron - Expendiutres	16,200	16,200	16,120
	<u>144,800</u>	<u>144,800</u>	<u>145,310</u>
City Clerk			
Clerk's Expenditures	7,000	7,000	7,000
Materials and Supplies	10,000	10,000	10,591
Deputy Clerk	23,407	23,407	46,034
City Clerk	25,000	25,000	25,137
MSI Software Maintenance	-	-	356
Recodification Expenditure	400	400	350
Dues and Subscriptions	2,500	2,500	179
Publications	1,000	1,000	55
	<u>69,307</u>	<u>69,307</u>	<u>89,702</u>

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
General Government - Continued			
City Administrations			
Maintenance Contract	\$ 32,500	32,500	4,290
Contingencies	100,000	100,000	-
Lobbyist	24,000	24,000	22,000
Offsite Storage	2,100	2,100	2,042
Salary Contingency	50,000	50,000	-
Community Room Expenditure	1,500	1,500	1,061
Payroll Services	57,955	57,955	35,784
Bank Charges	10,000	10,000	9,125
Gas - Nicor	15,000	15,000	13,081
Electric	215,000	215,000	87,787
Postal Equipment Lease and Maintenance			
Agreement	3,500	3,500	5,332
Postal Expenditure	3,000	3,000	3,664
Telephone and Federal Mandate	120,000	120,000	190,144
AT&T Lease Equipment	7,500	7,500	7,423
Reimburse Sales Tax - Walgreens	35,000	35,000	19,196
Beautification Supplies and Services	90,000	90,000	203,310
Professional Services	5,000	5,000	56,917
City-Wide Picnic and Parade	36,250	36,250	57,223
School Training Program	2,500	2,500	3,018
Telogis Vehicle Tracking	25,000	25,000	13,464
Wireless Communication	160,000	160,000	223,757
Bond Disclosure Agreement	2,750	2,750	80
Media Development	18,000	18,000	15,000
MSI Maintenance	23,000	23,000	23,874
City Website	10,000	10,000	9,478
Dues and Subscriptions	7,000	7,000	486
Park District Contributions	-	-	33,305
Supplies	7,000	7,000	18,553
	<u>1,063,555</u>	<u>1,063,555</u>	<u>1,059,394</u>
Treasurer's Office			
Treasurer's Expenditure	7,000	7,000	7,000
Budget Consultant	8,000	8,000	8,000

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
General Government - Continued			
Treasurer's Office - Continued			
Material and Supplies	\$ 1,500	1,500	2,199
Administrative Assistant to the Treasurer	-	-	52,009
Treasurer's Salary	25,000	25,000	35,168
Finance Director	101,000	101,000	122,596
Accounts Payable Specialist	55,055	55,055	55,358
Comptroller	1,000	1,000	-
Dues and Subscriptions	850	850	350
Maintenance of Equipment	-	-	175
Training	2,500	2,500	1,626
Publication	1,200	1,200	1,955
Audit Expenditures	58,000	58,000	60,500
	<u>261,105</u>	<u>261,105</u>	<u>346,936</u>
Civil Service			
Supplies and Tests	1,500	1,500	4,226
Legal Fees	500	500	-
Legal Notices	1,500	1,500	-
Commissioners Expenditures	2,700	2,700	2,726
	<u>6,200</u>	<u>6,200</u>	<u>6,952</u>
Legal Department			
Judgements	25,000	25,000	-
Legal Claims	50,000	50,000	215,469
Union Matters - Legal and Negotiations	55,000	55,000	5,495
Litigation and Legal Expenditures	250,000	250,000	662,076
Prosecuting Attorney	20,000	20,000	12,525
Board Meetings and Sessions	8,500	8,500	11,885
	<u>408,500</u>	<u>408,500</u>	<u>907,450</u>
Zoning and Planning Commission			
Materials and Supplies	100	100	-
Zoning and Planning Board Expenditures	45,000	45,000	3,630
Attorney and Hearing Expenditures	3,000	3,000	13,627
Publication Expenditures	100	100	-
Secretarial Expenditures	1,200	1,200	1,215
	<u>49,400</u>	<u>49,400</u>	<u>18,472</u>

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
General Government - Continued			
Liquor Department			
Commissioner	20,000	20,000	20,110
Attorney's Fees	2,500	2,500	4,144
Publication Expenditures	200	200	423
	<u>22,700</u>	<u>22,700</u>	<u>24,677</u>
Personnel			
Insurance			
Employee Group Health Insurance	\$ 1,565,784	1,565,784	1,567,867
Employee Dental Insurance	40,000	40,000	37,511
Other Insurance Cost	1,370,000	1,370,000	474,185
The Owens Group Package	730,000	730,000	894,955
Statutory Worker's Compensation	8,000	8,000	3,000
Difference Benefit Card	95,000	95,000	134,275
Employer Payroll Taxes			
State Unemployment Insurance	55,000	55,000	62,650
Social Security	215,000	215,000	163,668
Medicare	125,000	125,000	114,679
Human Resources			
Eligible Expenditures	500	500	54
Salaries	85,000	85,000	171,694
Dues and Memberships	200	200	189
Employee Relations and Materials	2,000	2,000	1,123
Training Programs	1,000	1,000	-
Employer Pension Contributions			
Police Pension Contributions	899,946	899,946	628,872
IMRF Pension Contributions	300,000	300,000	290,866
Fire Pension Contributions	528,258	528,258	354,586
	<u>6,020,688</u>	<u>6,020,688</u>	<u>4,900,174</u>
Building and Grounds			
School Building			
Northern Illinois Gas Heating	2,500	2,500	3,826
Electric Bill	2,500	2,500	927
Materials and Supplies	12,800	12,800	399
DMC Security Service	1,000	1,000	632
Building Repairs and Janitory Services	10,000	10,000	2,234

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
General Government - Continued			
Building and Grounds - Continued			
School Building - Continued			
AT&T Lease Equipment	\$ 1,200	1,200	-
Copier/Comcast/Lease Purchase	-	-	4,982
Maintenance - Reef Repair and Yard	-	-	1,541
Hotel/Motel			
Eligible Expenditures	15,000	15,000	9,275
Economic Development			
Directors Expenditures	-	-	6,577
Materials and Supplies	500	500	1,695
Printing - Maps and Photos	300	300	-
Printer and Fax Services	-	-	1,022
Training and Seminars	350	350	-
Economic Development Consulting	71,000	71,000	53,276
Economic Development Salary	-	-	26,892
Building Control and Inspections			
Materials and Supplies	4,000	4,000	4,860
Plumbing Inspector	8,000	8,000	4,180
Heating/AC	8,000	8,000	3,380
Electrical Inspector	8,000	8,000	3,890
Salaries	253,084	253,084	273,112
Maintenance and Repair - Vehicle	2,700	2,700	-
Uniforms	700	700	-
Training Program	1,500	1,500	-
Building and Grounds			
Materials and Supplies/Board-Up	50,000	50,000	46,596
Salaries	50,482	50,482	52,112
Janitorial Contractual Services	45,000	45,000	58,475
Heating/AC Maintenance	80,000	80,000	56,044
Elevator Maintenance/Repair	5,000	5,000	3,031
Maintenance and Pest Control	22,000	22,000	43,184
Maintenance/Repairs	2,500	2,500	-
Beautification	3,000	3,000	3,440
	661,116	661,116	665,582
 Total General Government	 8,946,701	 8,946,701	 8,472,081

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Chief's Expenditures	\$ 500	500	-
Maintenance of Equipment	750	750	16,394
Professional Service	2,000	2,000	26,304
Equipment Purchase	500	500	6,886
Materials and Supplies	16,000	16,000	7,786
Salaries	3,009,023	3,009,023	3,058,453
Zero Tolerance Expenditures	80,000	80,000	138,755
Bank Charges	2,700	2,700	2,622
Police Grant Expenditures	-	-	50,000
Animal Welfare - Strays	5,000	5,000	10,833
Maintenance Vehicle and Equipment	55,000	55,000	30,410
Law Enforcement Data	700	700	-
Prisoners' Meals	3,000	3,000	538
Clothing Allowance	20,000	20,000	2,517
Overtime	205,000	205,000	542,129
Forfeitures	1,500	1,500	-
Communications and Federal Mandate	8,800	8,800	10,520
Dues and Subscriptions	2,500	2,500	10,560
Copier and Lease Purchases	60,000	60,000	10,489
911 Annual Contract	370,000	370,000	454,983
Building Maintenance and Construction	-	-	1,000
Training Program	15,000	15,000	12,110
	<u>3,857,973</u>	<u>3,857,973</u>	<u>4,393,289</u>
Fire Department			
Chief's Expenditures	500	500	400
Vehicle Maintenance	45,000	45,000	5,294
Vehicle Repair	40,000	40,000	33,019
Equipment Purchase	45,000	45,000	54,620
Materials and Supplies	5,000	5,000	2,434
Salaries	1,447,000	1,447,000	1,589,764
Overtime	125,000	125,000	244,783
Foreign Fire Tax	12,000	12,000	18,286
Safety Committee	250	250	-

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Co/Med Ambulance Contractual Service	\$ 110,000	110,000	100,416
Maintenance - Building Repair	45,000	45,000	28,668
Fire/Arson Investigation	200	200	-
Prevention and Education	1,500	1,500	1,154
Communications and Federal Mandate	8,000	8,000	8,353
Fire Grant Expenditures	-	-	3,309
Holiday/Out of Class	40,500	40,500	-
Uniforms/Clothing Allowance	10,000	10,000	14,246
Dues and Subscriptions	8,000	8,000	9,106
Annual Service Agreement	200	200	175
Training Program	10,000	10,000	6,795
	<u>1,953,150</u>	<u>1,953,150</u>	<u>2,120,822</u>
Emergency and Disaster			
Secretarial Services	1,200	1,200	900
Materials and Supplies	200	200	544
Sirens	2,500	2,500	-
Maintenance Vehicle and Equipment	3,600	3,600	312
	<u>7,500</u>	<u>7,500</u>	<u>1,756</u>
Fire and Police Commission			
Secretarial Services	1,200	1,200	900
Materials and Supplies	200	200	218
Psychological Tests	5,000	5,000	-
Examination Expenditures	20,000	20,000	2,250
Legal Expenditures	800	800	23,194
Publication Expenditures	1,000	1,000	-
Commission Expenditures	1,500	1,500	3,065
Hearing Expenditures	1,000	1,000	-
	<u>30,700</u>	<u>30,700</u>	<u>29,627</u>
In-House Court Department			
Equipment Purchase	10,000	10,000	72
Materials and Supplies	500	500	45

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Public Safety - Continued			
In-House Court Department - Continued			
Computer Operator	\$ 26,788	26,788	7,961
Code Compliance Administrator	11,275	11,275	29,740
Clerk (Part-Time)	-	-	700
Hearing Officer	2,000	2,000	1,160
Legal Fees	-	-	13,041
Uniforms	50	50	-
	<u>50,613</u>	<u>50,613</u>	<u>52,719</u>
Senior Transpiration			
Equipment Purchase	1,300	1,300	592
Vehicle Purchase	3,500	3,500	3,600
Materials and Supplies	200	200	1,315
Senior Driver (Part Time)	71,531	71,531	44,962
Training Program	500	500	-
	<u>77,031</u>	<u>77,031</u>	<u>50,469</u>
Total Public Safety	<u>5,976,967</u>	<u>5,976,967</u>	<u>6,648,682</u>
Highways and Streets			
Street Department			
Department Head Expenditures	500	500	500
Equipment Repair	1,000	1,000	-
Materials and Supplies	30,000	30,000	123,222
Salaries	263,145	263,145	262,292
Part-Time Wages	171,600	171,600	134,407
Overtime	50,000	50,000	48,344
Gasoline	220,000	220,000	177,788
Uniform Rental	17,000	17,000	15,730
Communication	2,500	2,500	2,962
Dues and Subscriptions	150	150	-
Professional Services	1,000	1,000	2,248
Safety Equipment	1,000	1,000	-
Maintenance - Vehicle and Equipment	325,000	325,000	174,316
	<u>1,082,895</u>	<u>1,082,895</u>	<u>941,809</u>

CITY OF MARKHAM, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Debt Service			
Principal Retirement	\$ 209,770	209,770	421,926
Interest and Fiscal Charges	-	-	96,225
Total Debt Service	209,770	209,770	518,151
Total Expenditures	16,216,333	16,216,333	16,580,723

CITY OF MARKHAM, ILLINOIS

TIF #1 Canterbury Mall Plaza - Capital Projects Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Tax	\$ 500,000	500,000	1,051,133
Interest	-	-	27,781
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>1,078,914</u>
Expenditures			
Highways and Streets	305,500	305,500	648,278
Debt Service			
Principal Retirement	295,000	295,000	295,000
Interest and Fiscal Charges	153,169	153,169	155,951
Total Expenditures	<u>753,669</u>	<u>753,669</u>	<u>1,099,229</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(253,669)	(253,669)	(20,315)
Other Financing (Uses)			
Transfers Out	-	-	(396,354)
Net Change in Fund Balance	<u>(253,669)</u>	<u>(253,669)</u>	(416,669)
Fund Balance - Beginning			<u>5,455,204</u>
Fund Balance - Ending			<u><u>5,038,535</u></u>

CITY OF MARKHAM, ILLINOIS

TIF #3 Dixie Highway - Capital Projects Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Tax	\$ 900,000	900,000	1,681,790
Interest	6,000	6,000	6,147
Total Revenues	906,000	906,000	1,687,937
Expenditures			
Highways and Streets	700,000	700,000	543,544
Excess (Deficiency) of Revenues Over (Under) Expenditures	206,000	206,000	1,144,393
Other Financing (Uses)			
Transfers Out	-	-	(700,521)
Net Change in Fund Balance	206,000	206,000	443,872
Fund Balance - Beginning			2,951,097
Fund Balance - Ending			3,394,969

CITY OF MARKHAM, ILLINOIS

TIF #4 Jevic Business Park - Capital Projects Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Tax	\$ 350,000	350,000	340,166
Interest	50	50	-
Total Revenues	350,050	350,050	340,166
Expenditures			
Highways and Streets	300,000	300,000	52,060
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,050	50,050	288,106
Other Financing (Uses)			
Transfers Out	-	-	(313,302)
Net Change in Fund Balance	50,050	50,050	(25,196)
Fund Balance - Beginning			2,855,338
Fund Balance - Ending			2,830,142

CITY OF MARKHAM, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2020

	Special Revenue					
	911 Emergency	Motor Fuel Tax	Grant	Asset Seizure	TIF #2	TIF #5
					Hotel/Motel Tax	Interstate
ASSETS						
Cash and Investments	\$ -	559,616	567,548	21,167	855,970	314,318
Receivables - Net of Allowances						
Property Taxes	-	-	-	-	-	-
Other Taxes	-	82,277	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Total Assets	-	641,893	567,548	21,167	855,970	314,318
LIABILITIES						
Accounts Payable	-	-	2,714	-	-	14,225
Accrued Payroll	-	-	2,007	-	-	-
Due to Other Funds	-	55,776	731,452	-	1,500	58
Total Liabilities	-	55,776	736,173	-	1,500	14,283
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	-	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	55,776	736,173	-	1,500	14,283
FUND BALANCES						
Restricted	-	586,117	-	21,167	854,470	300,035
Assigned	-	-	-	-	-	-
Unassigned	-	-	(168,625)	-	-	-
Total Fund Balances	-	586,117	(168,625)	21,167	854,470	300,035
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	-	641,893	567,548	21,167	855,970	314,318

					Capital Projects		
Debt Service					2009B Bond	2012 Bond	
2001	2008A	2008B	2009B	2012	Capital	Capital	Totals
Bond	Bond	Bond	Bond	Bond	Improvements	Improvements	
279,021	26,549	59,470	-	478,127	-	328	3,162,114
-	652,645	482,975	-	-	-	-	1,135,620
-	-	-	-	-	-	-	82,277
176,269	-	-	-	-	-	-	176,269
455,290	679,194	542,445	-	478,127	-	328	4,556,280
-	-	-	-	-	-	-	16,939
-	-	-	-	-	-	-	2,007
35,750	389,561	323,507	268,339	583,339	694,722	-	3,084,004
35,750	389,561	323,507	268,339	583,339	694,722	-	3,102,950
-	652,645	482,975	-	-	-	-	1,135,620
35,750	1,042,206	806,482	268,339	583,339	694,722	-	4,238,570
419,540	-	-	-	-	-	-	2,181,329
-	-	-	-	-	-	328	328
-	(363,012)	(264,037)	(268,339)	(105,212)	(694,722)	-	(1,863,947)
419,540	(363,012)	(264,037)	(268,339)	(105,212)	(694,722)	328	317,710
455,290	679,194	542,445	-	478,127	-	328	4,556,280

CITY OF MARKHAM, ILLINOIS

Nonmajor Governmental Funds

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

	Special Revenue					
	911 Emergency	Motor Fuel Tax	Grant	Asset Seizure	TIF #2	TIF #5
					Hotel/Motel Tax	Interstate
Revenues						
Taxes	\$ -	-	-	-	174,805	160,626
Intergovernmental	-	638,403	-	-	-	-
Fines and Forfeitures	-	-	-	2,044	-	-
Interest	89	3,373	-	7	-	-
Miscellaneous	-	24,907	14,210	-	-	-
Total Revenues	89	666,683	14,210	2,051	174,805	160,626
Expenditures						
Current						
Highways and Streets	-	580,610	62,225	-	1,500	14,225
Debt Service						
Principal Retirement	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	-	580,610	62,225	-	1,500	14,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	89	86,073	(48,015)	2,051	173,305	146,401
Other Financing Sources (Uses)						
Transfers In	113,226	-	-	-	-	-
Transfers Out	-	-	-	-	(18,947)	-
	113,226	-	-	-	(18,947)	-
Net Change in Fund Balances	113,315	86,073	(48,015)	2,051	154,358	146,401
Fund Balances - Beginning	(113,315)	500,044	(120,610)	19,116	700,112	153,634
Fund Balances - Ending	-	586,117	(168,625)	21,167	854,470	300,035

					Capital Projects		
Debt Service					2009B Bond	2012 Bond	
2001	2008A	2008B	2009B	2012	Capital	Capital	Totals
Bond	Bond	Bond	Bond	Bond	Improvements	Improvements	
-	756,345	564,215	-	-	-	-	1,655,991
-	-	-	-	-	-	-	638,403
-	-	-	-	-	-	-	2,044
136	5,910	4,751	-	-	-	-	14,266
-	-	-	-	-	-	-	39,117
136	762,255	568,966	-	-	-	-	2,349,821
-	-	-	-	-	-	-	658,560
-	385,000	420,000	-	-	-	-	805,000
-	540,578	272,363	950	-	-	-	813,891
-	925,578	692,363	950	-	-	-	2,277,451
136	(163,323)	(123,397)	(950)	-	-	-	72,370
-	-	-	-	32,261	-	-	145,487
(211,000)	-	-	-	-	-	-	(229,947)
(211,000)	-	-	-	32,261	-	-	(84,460)
(210,864)	(163,323)	(123,397)	(950)	32,261	-	-	(12,090)
630,404	(199,689)	(140,640)	(267,389)	(137,473)	(694,722)	328	329,800
419,540	(363,012)	(264,037)	(268,339)	(105,212)	(694,722)	328	317,710

CITY OF MARKHAM, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotment	\$ 598,990	598,990	461,565
Grants	-	-	176,838
Interest	500	500	3,373
Miscellaneous	-	-	24,907
Total Revenues	599,490	599,490	666,683
Expenditures			
Highways and Streets	575,000	575,000	580,610
Net Change in Fund Balance	24,490	24,490	86,073
Fund Balance - Beginning			500,044
Fund Balance - Ending			586,117

CITY OF MARKHAM, ILLINOIS

Grant - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Federal and State Grants	\$ 1,039,000	1,039,000	-
Miscellaneous			
Deposits	-	-	14,210
Total Revenues	1,039,000	1,039,000	14,210
Expenditures			
Highways and Streets	1,133,444	1,133,444	62,225
Net Change in Fund Balance	<u>(94,444)</u>	<u>(94,444)</u>	(48,015)
Fund Balance - Beginning			<u>(120,610)</u>
Fund Balance - Ending			<u>(168,625)</u>

CITY OF MARKHAM, ILLINOIS

Asset Seizure - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Fines and Forfeitures			
Asset Seizure	\$ 50,000	50,000	2,044
Interest	-	-	7
Total Revenues	50,000	50,000	2,051
Expenditures			
Public Health and Safety	30,000	30,000	-
Net Change in Fund Balance	20,000	20,000	2,051
Fund Balance - Beginning			19,116
Fund Balance - Ending			21,167

CITY OF MARKHAM, ILLINOIS

2008A Bond - Debt Service Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Tax	\$ 765,739	765,739	756,345
Interest	-	-	5,910
Total Revenues	<u>765,739</u>	<u>765,739</u>	<u>762,255</u>
Expenditures			
Debt Service			
Principal Retirement	385,000	385,000	385,000
Interest and Fiscal Charges	537,578	537,578	540,578
Total Expenditures	<u>922,578</u>	<u>922,578</u>	<u>925,578</u>
Net Change in Fund Balance	<u>(156,839)</u>	<u>(156,839)</u>	(163,323)
Fund Balance - Beginning			<u>(199,689)</u>
Fund Balance - Ending			<u><u>(363,012)</u></u>

CITY OF MARKHAM, ILLINOIS

2008B Bond - Debt Service Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Tax	\$ 504,045	504,045	564,215
Interest	-	-	4,751
Total Revenues	504,045	504,045	568,966
Expenditures			
Debt Service			
Principal Retirement	420,000	420,000	420,000
Interest and Fiscal Charges	272,363	272,363	272,363
Total Expenditures	692,363	692,363	692,363
Net Change in Fund Balance	(188,318)	(188,318)	(123,397)
Fund Balance - Beginning			(140,640)
Fund Balance - Ending			(264,037)

CITY OF MARKHAM, ILLINOIS

2009B Bond - Debt Service Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	-
Expenditures			
Debt Service			
Principal Retirement	575,000	575,000	-
Interest and Fiscal Charges	866,590	866,590	950
Total Expenditures	1,441,590	1,441,590	950
Net Change in Fund Balance	<u>(1,441,590)</u>	<u>(1,441,590)</u>	(950)
Fund Balance - Beginning			<u>(267,389)</u>
Fund Balance - Ending			<u><u>(268,339)</u></u>

CITY OF MARKHAM, ILLINOIS

2012 Bond - Debt Service Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	-
Expenditures			
Debt Service			
Principal Retirement	210,000	210,000	-
Interest and Fiscal Charges	266,400	266,400	-
Total Expenditures	476,400	476,400	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(476,400)	(476,400)	-
Other Financing Sources			
Transfers In	-	-	32,261
Net Change in Fund Balance	(476,400)	(476,400)	32,261
Fund Balance - Beginning			(137,473)
Fund Balance - Ending			(105,212)

CITY OF MARKHAM, ILLINOIS

Waterworks and Sewerage - Enterprise Fund

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

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales	\$ 3,758,299	3,758,299	3,604,632
Miscellaneous	37,848	37,848	83,050
Total Operating Revenues	<u>3,796,147</u>	<u>3,796,147</u>	<u>3,687,682</u>
Operating Expenses			
Operations			
Administrative Division	629,287	629,287	539,753
Water Purchased	2,500,000	2,500,000	2,273,537
Operating	283,000	283,000	422,542
Depreciation	-	-	38,553
Total Operating Expenses	<u>3,412,287</u>	<u>3,412,287</u>	<u>3,274,385</u>
Income Before Transfers	383,860	383,860	413,297
Transfers Out	<u>(437,599)</u>	<u>(437,599)</u>	<u>(437,599)</u>
Change in Net Position	<u>(53,739)</u>	<u>(53,739)</u>	(24,302)
Net Position - Beginning			<u>1,776,176</u>
Net Position - Ending			<u>1,751,874</u>

CITY OF MARKHAM, ILLINOIS

Solid Waste - Enterprise Fund

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

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Garbage Collection Charges	\$ 1,150,750	1,150,750	1,158,328
Operating Expenses			
Operations			
Garbage Collection Expense	1,194,842	1,194,842	1,049,927
Change in Net Position	<u>(44,092)</u>	<u>(44,092)</u>	108,401
Net Position - Beginning			<u>2,540,943</u>
Net Position - Ending			<u>2,649,344</u>

CITY OF MARKHAM, ILLINOIS

Markham Roller Rink - Enterprise Fund

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

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Roller Rink Sales	\$ 297,000	297,000	154,810
Operating Expenses			
Operations			
General and Administrative	167,500	167,500	142,977
Operating	207,678	207,678	160,777
Depreciation	97,907	97,907	97,907
Total Operating Expenses	473,085	473,085	401,661
Operating (Loss)	(176,085)	(176,085)	(246,851)
Nonoperating Revenues (Expenses)			
Interest Income	-	-	59
Property Taxes	-	-	148,122
Interest Expense and Fiscal Charges	-	-	(256,630)
	-	-	(108,449)
Change in Net Position	(176,085)	(176,085)	(355,300)
Net Position - Beginning			(1,835,573)
Net Position - Ending			(2,190,873)

CITY OF MARKHAM, ILLINOIS

David Webb Jr. Senior Living Complex - Enterprise Fund

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

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Rental Income	\$ 1,013,312	1,013,312	946,264
Miscellaneous	-	-	9,377
Total Operating Revenues	<u>1,013,312</u>	<u>1,013,312</u>	<u>955,641</u>
Operating Expenses			
Operations			
General and Administrative	131,500	131,500	143,058
Operating	305,450	305,450	285,810
Depreciation	-	-	348,087
Total Operating Expenses	<u>436,950</u>	<u>436,950</u>	<u>776,955</u>
Operating Income	<u>576,362</u>	<u>576,362</u>	<u>178,686</u>
Nonoperating Revenues (Expenses)			
Interest Income	300,100	300,100	285,254
Property Taxes	-	-	949,628
Interest Expense and Fiscal Charges	-	-	(868,458)
	<u>300,100</u>	<u>300,100</u>	<u>366,424</u>
Income Before Transfers	876,462	876,462	545,110
Transfers Out	<u>(58,440)</u>	<u>(58,440)</u>	<u>(58,440)</u>
Change in Net Position	<u>818,022</u>	<u>818,022</u>	486,670
Net Position - Beginning			<u>1,447,537</u>
Net Position - Ending			<u>1,934,207</u>

CITY OF MARKHAM, ILLINOIS

Pension Trust Funds

Combining Statement of Fiduciary Net Position
April 30, 2020

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 949,764	6,053,474	7,003,238
Investments			
U.S. Treasury Obligations	2,139,860	-	2,139,860
U.S. Agency Obligations	1,724,606	8,404	1,733,010
State and Local Government Obligations	207,668	-	207,668
Corporate Bonds	2,941,779	-	2,941,779
Equity Mutual Funds	8,370,225	4,529,932	12,900,157
Common Stock	4,102,654	-	4,102,654
Insurance Contracts	357,643	-	357,643
Receivables - Net of Allowance			
Accrued Interest	40,376	24,438	64,814
Due from Other Funds	22,057	9,772	31,829
Prepays	3,697	-	3,697
Total Assets	20,860,329	10,626,020	31,486,349
LIABILITIES			
Accounts Payable	6,686	681	7,367
NET POSITION			
Net Position Restricted for Pensions	20,853,643	10,625,339	31,478,982

CITY OF MARKHAM, ILLINOIS

Pension Trust Funds

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

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 628,872	354,586	983,458
Contributions - Plan Members	265,341	165,775	431,116
Contributions - Other	650	-	650
Total Contributions	894,863	520,361	1,415,224
Investment Earnings			
Interest Earned	665,794	424,792	1,090,586
Net Change in Fair Value	(502,193)	(367,893)	(870,086)
	163,601	56,899	220,500
Less Investment Expenses	(65,380)	(9,156)	(74,536)
Net Investment Income	98,221	47,743	145,964
Total Additions	993,084	568,104	1,561,188
Deductions			
Administration	73,301	32,247	105,548
Benefits and Refunds	1,188,782	344,040	1,532,822
Total Deductions	1,262,083	376,287	1,638,370
Change in Fiduciary Net Position	(268,999)	191,817	(77,182)
Net Position Restricted for Pensions			
Beginning	21,122,642	10,433,522	31,556,164
Ending	20,853,643	10,625,339	31,478,982

CITY OF MARKHAM, ILLINOIS

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

CSFA #	Program Name	State	Federal	Other	Totals
422-11-0970	Open Space Land Acquisition and Development	\$ -	-	2,044	2,044
422-11-1165	Park and Recreation Facility Construction	-	-	19,967	19,967
494-00-1488	Motor Fuel Tax Program	256,131	-	-	256,131
494-42-1495	Local Surface Transportation Program	147,641	-	-	147,641
	Other Grant Programs and Activities	-	176,838	-	176,838
	All Other Costs Not Allocated	-	-	30,099,131	30,099,131
	Totals	403,772	176,838	30,121,142	30,701,752



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

April 27, 2021

The Honorable City Mayor
Members of the City Council
City of Markham, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Markham, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses we identified item 2020-001 to be a significant deficiency and item 2020-002 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002.

City's Response to Findings

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

Purpose of this Report

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

CITY OF MARKHAM, ILLINOIS

Schedule of Findings and Responses For the Fiscal Year Ended April 30, 2020

SIGNIFICANT DEFICIENCIES

Finding 2020 – 001: Audit Journal Entries

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

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

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

MATERIAL WEAKNESS

Finding 2020 – 001: Lack of Accounting Oversight and Segregation of Duties

Comment: During audit fieldwork, we noted a lack of oversight of accounting operations and segregation of duties.

Recommendation: We recommend the City implement effective internal controls in order to provide adequate oversight of the accounting operations.

Management's Response: The Director of Finance, along with staff, will review liability accounts regularly to ensure proper recognition and allocation among funds and prepare financial statements that are free from material misstatements prior to audit fieldwork.

SUPPLEMENTAL SCHEDULES

CITY OF MARKHAM, ILLINOIS

Long-Term Debt Requirements

**General Obligation (Alternate Revenue Source) Bonds of 2005A
April 30, 2020**

Date of Issue	February 1, 2005
Date of Maturity	April 1, 2027
Authorized Issue	\$5,550,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% - 5.25%
Interest Dates	October 1 and April 1
Principal Maturity Date	April 1
Payable at	J.P. Morgan Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2021	\$ 330,000	137,682	467,682
2022	350,000	137,682	487,682
2023	370,000	110,118	480,118
2024	410,000	82,556	492,556
2025	430,000	82,556	512,556
2026	450,000	82,556	532,556
2027	495,000	41,278	536,278
	<u>2,835,000</u>	<u>674,428</u>	<u>3,509,428</u>

CITY OF MARKHAM, ILLINOIS

Long-Term Debt Requirements

**General Obligation Library Purpose Bonds of 2005B
April 30, 2020**

Date of Issue	February 1, 2005
Date of Maturity	January 1, 2025
Authorized Issue	\$4,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.50% - 5.25%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1
Payable at	J.P. Morgan Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2021	\$ 250,000	68,738	318,738
2022	265,000	55,613	320,613
2023	280,000	41,700	321,700
2024	295,000	27,000	322,000
2025	305,000	13,725	318,725
	<u>1,395,000</u>	<u>206,776</u>	<u>1,601,776</u>

CITY OF MARKHAM, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2008A
April 30, 2020**

Date of Issue	January 1, 2008
Date of Maturity	February 1, 2033
Authorized Issue	\$10,000,000
Denomination of Bonds	\$5,000
Interest Rates	5.50% - 6.00%
Interest Dates	August 1 and February 1
Principal Maturity Date	February 1
Payable at	Amalgamated Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 415,000	516,403	931,403
2022	450,000	491,503	941,503
2023	490,000	464,503	954,503
2024	525,000	435,103	960,103
2025	570,000	403,603	973,603
2026	610,000	369,403	979,403
2027	655,000	337,328	992,328
2028	705,000	296,665	1,001,665
2029	765,000	256,128	1,021,128
2030	830,000	212,140	1,042,140
2031	895,000	164,415	1,059,415
2032	970,000	113,848	1,083,848
2033	1,045,000	59,043	1,104,043
	<u>8,925,000</u>	<u>4,120,085</u>	<u>13,045,085</u>

CITY OF MARKHAM, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2008B

April 30, 2020

Date of Issue	April 15, 2008
Date of Maturity	February 1, 2028
Authorized Issue	\$8,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.75% - 5.75%
Interest Dates	August 1 and February 1
Principal Maturity Date	February 1
Payable at	Amalgamated Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 440,000	249,263	689,263
2022	465,000	223,963	688,963
2023	495,000	197,225	692,225
2024	520,000	168,763	688,763
2025	555,000	138,863	693,863
2026	585,000	106,950	691,950
2027	620,000	73,313	693,313
2028	655,000	37,663	692,663
	<u>4,335,000</u>	<u>1,196,003</u>	<u>5,531,003</u>

CITY OF MARKHAM, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2009A
April 30, 2020**

Date of Issue	December 28, 2009
Date of Maturity	December 1, 2030
Authorized Issue	\$14,295,000
Denomination of Bonds	\$5,000
Interest Rates	7.40% - 8.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2021	\$ 620,000	824,040	1,444,040
2022	665,000	778,160	1,443,160
2023	710,000	728,950	1,438,950
2024	765,000	676,410	1,441,410
2025	820,000	619,800	1,439,800
2026	880,000	559,120	1,439,120
2027	1,055,000	494,000	1,549,000
2028	1,135,000	409,600	1,544,600
2029	1,230,000	318,800	1,548,800
2030	1,325,000	220,400	1,545,400
2031	1,430,000	114,400	1,544,400
	10,635,000	5,743,680	16,378,680

CITY OF MARKHAM, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2012
April 30, 2020**

Date of Issue	May 30, 2012
Date of Maturity	December 1, 2032
Authorized Issue	\$5,500,000
Denomination of Bonds	\$5,000
Interest Rate	6.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2021	\$ 225,000	253,800	478,800
2022	240,000	240,300	480,300
2023	250,000	225,900	475,900
2024	265,000	210,900	475,900
2025	285,000	195,000	480,000
2026	300,000	177,900	477,900
2027	320,000	159,900	479,900
2028	335,000	140,700	475,700
2029	355,000	120,600	475,600
2030	380,000	99,300	479,300
2031	400,000	76,500	476,500
2032	425,000	52,500	477,500
2033	450,000	27,000	477,000
	<u>4,230,000</u>	<u>1,980,300</u>	<u>6,210,300</u>