

SOUTHERN COMBINED DISPATCH &
COMMUNICATION SYSTEM, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2019



SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions Illinois Municipal Retirement Fund	24
Schedule of Changes in the Employer's Net Pension Liability Illinois Municipal Retirement Fund	25 - 26
Schedule of Changes in the Employer's Total OPEB Liability Retiree Benefit Plan	27
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Operating Expenses – Budget and Actual	28 - 29



INDEPENDENT AUDITORS' REPORT





INDEPENDENT AUDITORS' REPORT

December 12, 2019

Members of the Board of Directors
Southern Combined Dispatch & Communication System
Matteson, Illinois

We have audited the accompanying financial statements of the business-type activities of the Southern Combined Dispatch & Communication System, Illinois (SouthCom), as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise SouthCom'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 SouthCom'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 SouthCom'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 business-type activities of SouthCom as of April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

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 SouthCom's basic financial statements. The budgetary comparison schedules is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule is 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 budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SouthCom has not presented a Management's Discussion and Analysis as required supplementary information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

FINANCIAL STATEMENTS



SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

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

ASSETS	
Current Assets	
Cash and Investments	\$ 2,926,745
Accounts Receivable	542,363
Prepays	71,088
Total Current Assets	<u>3,540,196</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	276,571
Depreciable	3,611,667
Accumulated Depreciation	<u>(3,011,861)</u>
Total Noncurrent Assets	<u>876,377</u>
Total Assets	<u>4,416,573</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	792,738
Deferred Items - RBP	<u>9,663</u>
Total Deferred Outflows of Resources	<u>802,401</u>
Total Assets and Deferred Outflows of Resources	<u>5,218,974</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	94,264
Accrued Payroll	<u>79,618</u>
Total Current Liabilities	<u>173,882</u>
Noncurrent Liabilities	
Net Pension Liability - IMRF	1,359,625
Total OPEB Liability - RBP	<u>473,969</u>
Total Noncurrent Liabilities	<u>1,833,594</u>
Total Liabilities	<u>2,007,476</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>154,636</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,162,112</u>
NET POSITION	
Net Investment in Capital Assets	876,377
Unrestricted	<u>2,180,485</u>
Total Net Position	<u>3,056,862</u>

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

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS
Statement of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Year Ended April 30, 2019

	Original Budget	Final Budget	Actual
Operating Revenues	\$ 2,015,229	2,015,229	2,015,229
Member Assessments	602,000	602,000	1,046,157
911 Surcharge	-	-	5,300
Miscellaneous	-	-	3,066,686
Total Operating Revenues	2,617,229	2,617,229	3,066,686
Operating Expenses	1,889,754	1,889,754	1,713,949
Salaries and Benefits	620,554	620,554	644,106
Operations	-	-	296,387
Depreciation	2,510,308	2,510,308	2,654,442
Total Operating Expenses	106,921	106,921	412,244
Operating Income	1,712,475	1,712,475	1,352,737
Nonoperating Revenues (Expenses)	-	-	281
Other Income	-	-	-
Interest Expense	(7,155)	(7,155)	-
Change in Net Position	106,921	106,921	412,525
Net Position - Beginning as Restated	2,644,337	2,644,337	2,644,337
Net Position - Ending	3,056,862	3,056,862	3,056,862

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

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Statement of Cash Flows
Year Ended April 30, 2019

Cash Flows from Operating Activities	
Receipts From Customers and Users	\$ 2,807,392
Payments to Suppliers	(588,966)
Payment to Employees	(1,286,709)
	<u>931,717</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(224,778)
Cash Flows from Investing Activities	
Interest Income	<u>281</u>
Net Change in Cash and Cash Equivalents	707,220
Cash and Cash Equivalents	
Beginning	<u>2,219,525</u>
Ending	<u><u>2,926,745</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	412,244
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used In) Operating Activities:	
Depreciation Expense	296,387
(Increase) Decrease in Current Assets	(259,294)
Increase (Decrease) in Current Liabilities	<u>482,380</u>
Net Cash Provided by Operating Activities	<u><u>931,717</u></u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Southern Combined Dispatch & Communication System, Illinois (“SouthCom”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Dispatch Center’s accounting policies are described below.

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 SouthCom’s accounting policies established in GAAP and used by SouthCom are described below.

REPORTING ENTITY

SouthCom is an intergovernmental cooperation association organized to provide a centralized public safety communications system for local governments within Illinois. Participating members are the Village of Matteson, Village of Olympia Fields, Village of Park Forest, and the Village of Richton Park.

BASIS OF PRESENTATION – BASIC FINANCIAL STATEMENTS

In the Statement of Net Position, SouthCom’s activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

SouthCom’s net position is reported in two parts: net investment in capital assets and unrestricted net position.

SouthCom utilizes proprietary fund type accounting. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to members and are accounted for as enterprise funds.

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Basis of Accounting

SouthCom’s basic financial statements 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 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 SouthCom are charges to members for services. Operating expenses for SouthCom include the cost of 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 OF RESOURCES, LIABILITIES/DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, the cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, SouthCom 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. SouthCom does not have any investments at year-end.

Prepays

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized over the remaining useful life of the asset. Other costs incurred for repairs and maintenance are expensed as incurred. Donated capital assets are valued at their estimated fair market value on the date received. Depreciation of equipment is computed using the straight-line method. The following estimated useful lives are used to compute depreciation:

Communication Equipment	5 Years
Computer Equipment	5 Years
Office Furniture and Equipment	7 Years
Vehicles	5 Years

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.

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

Net Position

In the basic financial statements, equity is classified as net position and displayed in two 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.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. The Intergovernmental Cooperation Act does not establish budgetary requirements. However, the Bylaws for SouthCom require that an annual budget be adopted and approved by the Board.

The Operating Committee prepares the budget. The budget is prepared by category and includes information on the past year, current year estimates, and requested assessments for the next fiscal year. The proposed budget is presented to the Board of Directors for approval and adoption. The budget for SouthCom may only be adopted or amended by its Board of Directors. Expenses may not legally exceed budgeted amounts.

NOTE 3 – DETAIL NOTES ON THE BASIC FINANCIAL STATEMENTS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the SouthCom 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.

Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of SouthCom's deposits totaled \$2,926,745 and the bank balances totaled \$2,940,872.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SouthCom's investment policy states that shall use a "prudent person" standard of care. This standard shall be applied in the context of managing an overall portfolio and specifies that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SouthCom's investment policy states to invest in financial institutions that will provide safety, liquidity, yield and simplicity of management.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of bank failure, SouthCom's deposits may not be returned to it. SouthCom's investment policy requires that deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage (unless adequately collateralized pursuant to Regulations of the Federal Reserve regarding custody and safekeeping of collateral). At April 30, 2019, the entirety of the bank balance was insured or collateralized.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of SouthCom's investment in a single issuer. SouthCom's investment policy states that it will invest in authorized investments which include and will primarily consist of: Certificates of Deposit, Treasury Bills and other securities guaranteed by the U.S. Government, participation in the Illinois Funds, previously referred to as the State of Illinois Public Treasurer's Investment Pool (IPTIP), and any other investments allowed under State law.

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 3 – DETAIL NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Beginning Balances	Additions	Deletions	Ending Balances
Nondepreciable Capital Assets				
Software Development in Progress	\$ 78,418	198,153	-	276,571
Depreciable Capital Assets				
Communication Equipment	3,263,555	26,625	-	3,290,180
Computer Equipment	238,058	-	-	238,058
Office Furniture and Equipment	56,608	-	-	56,608
Vehicles	26,821	-	-	26,821
	<u>3,585,042</u>	<u>26,625</u>	<u>-</u>	<u>3,611,667</u>
Less Accumulated Depreciation				
Communication Equipment	2,518,644	253,723	-	2,772,367
Computer Equipment	147,210	33,379	-	180,589
Office Furniture and Equipment	33,080	3,921	-	37,001
Vehicles	16,540	5,364	-	21,904
	<u>2,715,474</u>	<u>296,387</u>	<u>-</u>	<u>3,011,861</u>
Depreciable Capital Assets, Net	<u>947,986</u>	<u>(71,609)</u>	<u>-</u>	<u>876,377</u>

FUND BALANCE RESTATEMENT

Beginning net position was restated due to the implementation of GASB Statement No. 75. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	(Decrease)
Governmental Activities	\$ 3,107,600	2,644,337	(463,263)

NOTE 3 – DETAIL NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

LONG-TERM DEBT

Long-Term Liability Activity

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

Amounts Due within One Year	Ending Balances	Deductions	Additions	Beginning Balances as Restated	Type of Debt
					Business-Type Activities
					Net Pension Liability - IMRF
-	1,359,625	-	1,134,123	\$ 225,502	
	473,969	-	10,706	463,263	Total OPEB Liability - RBP
-	1,833,594	-	1,144,829	688,765	

NET POSITION CLASSIFICATIONS

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

Capital Assets - Net of Accumulated Depreciation	\$ 876,377
--	------------

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

SouthCom 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 SouthCom's employees. These risks are provided for through a commercial insurance policy purchased from independent third parties.

OBLIGATIONS OF WITHDRAWING MEMBERS

Pursuant to SouthCom's bylaws, a withdrawing member continues to be responsible for its share of all costs through the effective date of withdrawal and any contractual obligations signed separately with SouthCom.

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

SouthCom is not currently involved in any litigation.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

SouthCom contributes, through the Village of Matteson, to one defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. 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.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees 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.

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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, 2018, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members

17

A detailed breakdown of IMRF membership for the Village and SouthCom combined is available in the Village of Matteson's annual financial report.

Contributions. As set by statute, SouthCom'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. SouthCom's annual contribution rate for the year was 12.57% of covered payroll.

Net Pension Liability. SouthCom's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

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.

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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25% and 7.50% in 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 SouthCom 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 presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

Current	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
	\$ 2,498,448	1,359,625	428,457
	Net Pension Liability		

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 7,272,451	7,046,949	225,502
Changes for the Year:			
Service Cost	124,396	-	124,396
Interest on the Total Pension Liability	625,232	-	625,232
Difference Between Expected and Actual Experience of the Total Pension Liability	59,494	-	59,494
Changes of Assumptions	251,112	-	251,112
Contributions - Employer	-	168,144	(168,144)
Contributions - Employees	-	72,428	(72,428)
Net Investment Income	-	(443,933)	443,933
Benefit Payments, including Refunds of Employee Contributions	(401,403)	(401,403)	-
Other (Net Transfer)	-	129,472	(129,472)
Net Changes	658,831	(475,292)	1,134,123
Balances at December 31, 2018	7,931,282	6,571,657	1,359,625

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2019, SouthCom recognized pension expense of \$159,990. At April 30, 2019, SouthCom 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	\$ 60,021	(60,762)
Change in Assumptions	171,979	(93,874)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	520,563	-
Total Expenses to be Recognized in Future Periods	752,563	(154,636)
Pension Contributions Made Subsequent to the Measurement Date	28,308	-
Change in Proportionate Share	11,867	-
Total Deferred Amounts Related to IMRF	792,738	(154,636)
	520,563	520,563
Earnings on Pension Plan Investments		
Total Expenses to be Recognized in Future Periods	752,563	(154,636)
Pension Contributions Made Subsequent to the Measurement Date	28,308	-
Change in Proportionate Share	11,867	-
Total Deferred Amounts Related to IMRF	792,738	(154,636)

\$40,175 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 141,268
2021	163,089
2022	85,004
2022	208,566
2023	-
Thereafter	-
Total	597,927

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

Benefits Provided. RBP provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100 percent by the retiree of health insurance premiums for eligible retirees and 100 percent payment by SouthCom for disabled retirees that qualify for PSEBA benefits. The plan also provides all retirees with life insurance benefits which all retirees pay the full cost of coverage.

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

Active Plan Members

17

Total OPEB Liability

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

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, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	3.79%
Healthcare Cost Trend Rates	6.0% for 2019, decreasing 0.5% every other year to an ultimate rate of 5.0% for 2024 and later years
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees and 0% for disabled retirees that qualify for PSBA benefits

The discount rate was based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the Municipal Bond Rate. The Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index.

Mortality rates were based on the Sex Distinct Raw Rates as Developed in the RP-2014 Study. The actuarial assumptions used in the April 30, 2019 valuation were based on the results of an actuarial experience study for the period May 1, 2018 – April 30, 2019.

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

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

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2018	<u>\$ 463,263</u>
Changes for the Year:	
Service Cost	5,841
Interest on the Total OPEB Liability	17,555
Changes of Benefit Terms	
Difference Between Expected and Actual Experience	
Changes of Assumptions or Other Inputs	10,233
Benefit Payments	<u>(22,923)</u>
Net Changes	<u>10,706</u>
Balance at April 30, 2019	<u><u>473,969</u></u>

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

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

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB Liability	\$ 542,975	473,969	419,319

NOTE 4 – OTHER INFORMATION – Continued
OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The following presents the total OPEB liability, calculated using a variable 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:

	Healthcare Cost Trend	1% Decrease (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 412,096	473,969	551,729

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

For the year ended April 30, 2019, SouthCom recognized OPEB expense of \$1,043. At April 30, 2019, SouthCom reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in Assumptions	9,663	-	9,663
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	9,663	-	9,663

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Notes to the Financial Statements
April 30, 2019

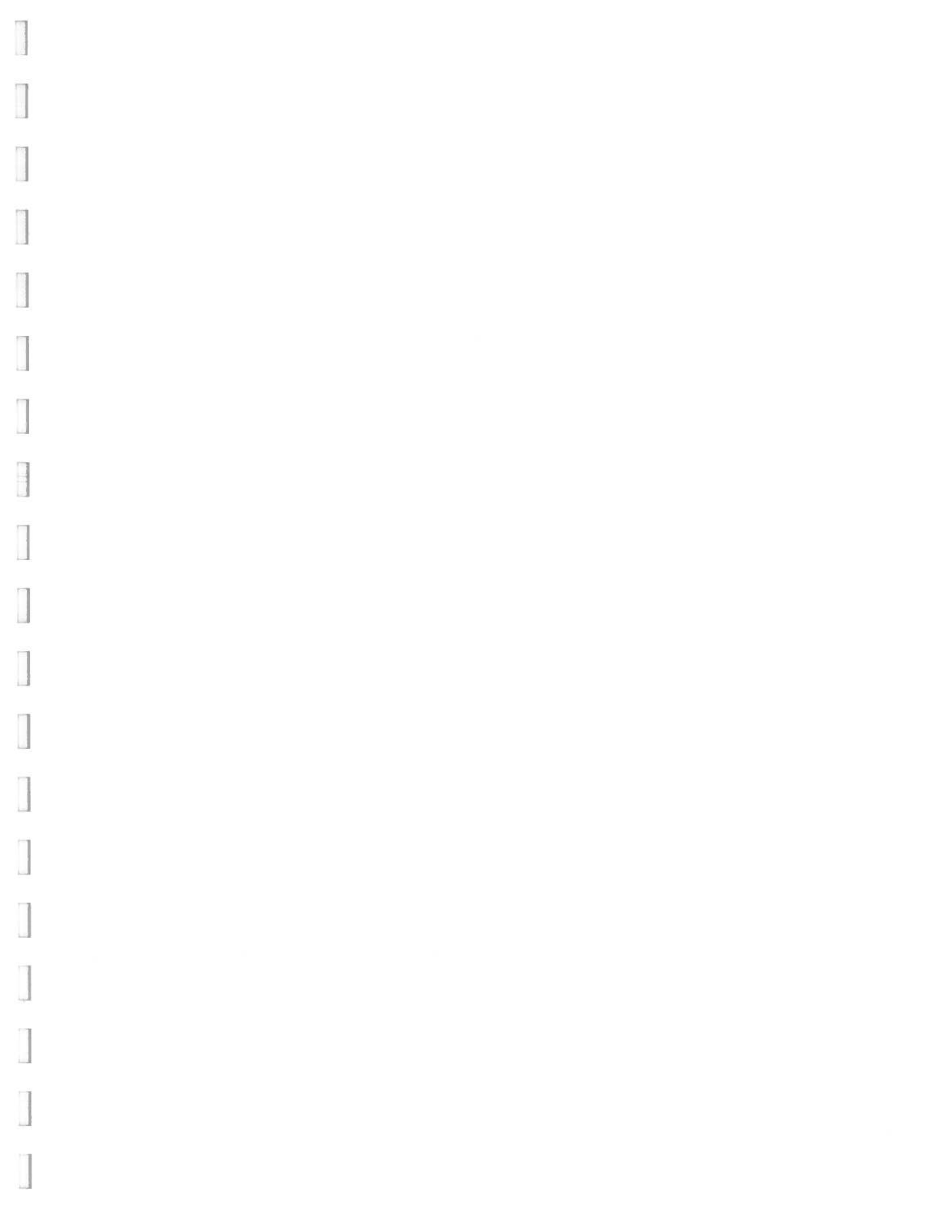
NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

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

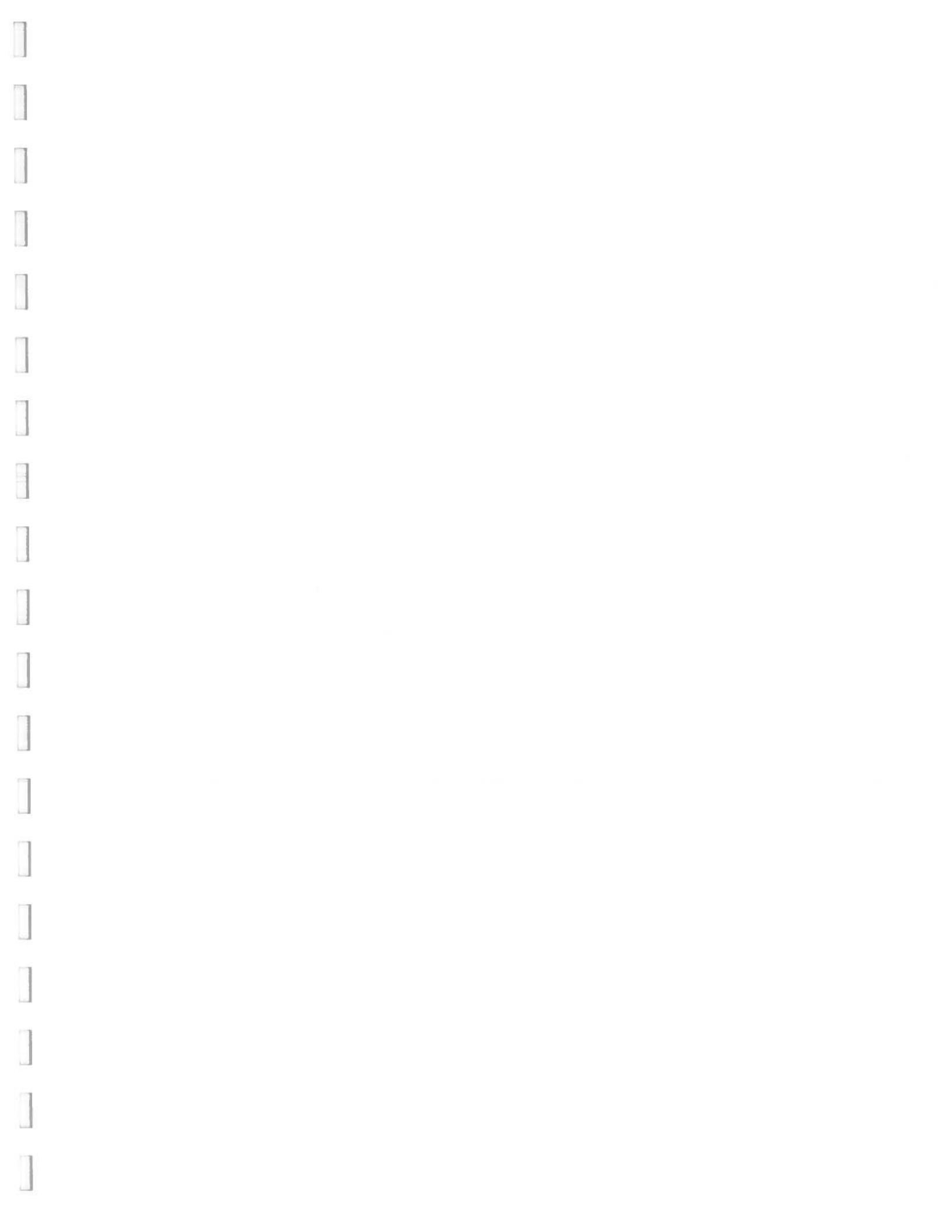
Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 1,106
2021	1,106
2022	1,106
2023	1,106
2024	1,106
Thereafter	<u>4,133</u>
Total	<u><u>9,663</u></u>



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
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Total OPEB Liability
Retiree Benefit Plan



SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Illinois Municipal Retirement Fund

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

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 174,998	\$ 174,998	\$ -	\$ 1,196,978	14.62%
2017	154,462	154,462	-	1,056,508	14.62%
2018	167,155	167,155	-	1,215,217	13.76%
2019	149,964	149,964	-	1,193,404	12.57%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

Note:

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

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Illinois Municipal Retirement Fund

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

December 31,
 2015

Total Pension Liability	\$ 128,130
Service Cost	478,573
Interest	-
Changes in Benefit Terms	104,278
Differences Between Expected and Actual Experience	17,152
Change of Assumptions	(260,952)
Benefit Payments, Including Refunds of Member Contributions	467,181
Net Change in Total Pension Liability	6,455,904
Total Pension Liability - Beginning	6,923,085
Total Pension Liability - Ending	\$ 174,998

Plan Fiduciary Net Position	\$ 174,998
Contributions - Employer	55,328
Contributions - Members	28,840
Net Investment Income	(260,952)
Other (Net Transfer)	(21,975)
Net Change in Plan Fiduciary Net Position	(23,761)
Plan Net Position - Beginning	5,783,279
Plan Net Position - Ending	5,759,518
Employer's Net Pension Liability	\$ 1,163,567

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.19%
Covered Payroll	\$ 1,196,978
Employer's Net Pension Liability as a Percentage of Covered Payroll	97.21%

Note:

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

December 31, 2016	December 31, 2017	December 31, 2018
137,267	121,164	124,396
522,060	572,921	625,232
-	-	-
(231,439)	48,105	59,494
(2,544)	(194,089)	251,112
(282,839)	(341,240)	(401,403)
142,505	206,861	658,831
6,923,085	7,065,590	7,272,451
7,065,590	7,272,451	7,931,282
154,462	163,792	168,144
52,272	52,086	72,428
402,960	1,131,063	(443,933)
(282,839)	(341,240)	(401,403)
(6,159)	(38,966)	129,472
320,696	966,735	(475,292)
5,759,518	6,080,214	7,046,949
6,080,214	7,046,949	6,571,657
985,376	225,502	1,359,625
86.05%	96.90%	82.86%
1,056,508	1,124,944	1,260,449
93.27%	20.05%	107.87%

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Retiree Benefit Plan

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

04/30/2019	
Total OPFB Liability	\$ 5,841
Service Cost	17,555
Interest	-
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions or Other Inputs	10,233
Benefit Payments	(22,923)
Net Change in Total OPFB Liability	10,706
Total OPFB Liability - Beginning	463,263
Total OPFB Liability - Ending	473,969
Covered Payroll	\$ 276,854
Total OPFB Liability as a Percentage of Covered Payroll	171.20%

Notes:

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

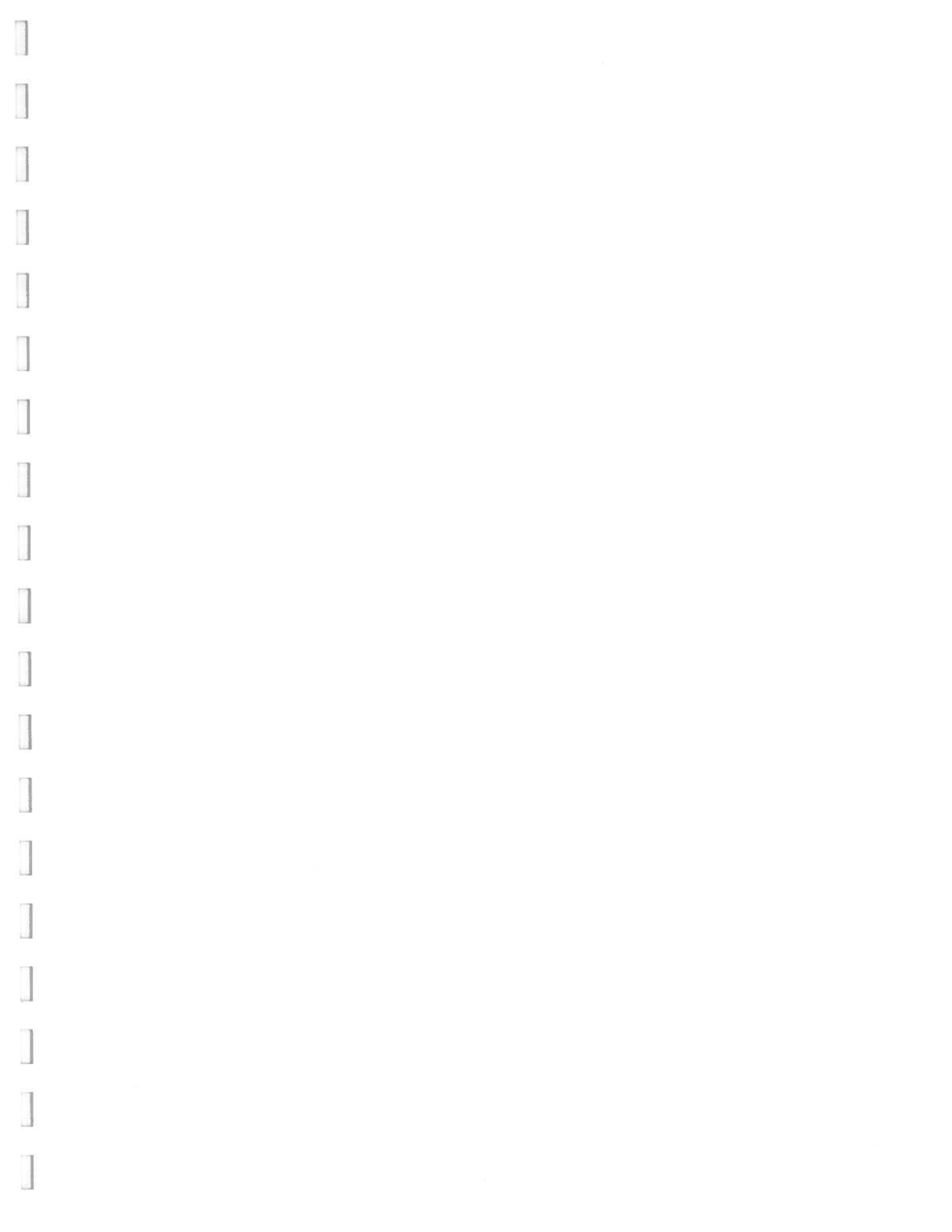
Changes of Benefit Terms. There was no change in the retirees' share of health insurance premiums.

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

Fiscal Year	
Medical	
2020	6.00%
2021	6.00%
2022	5.50%
2023	5.50%
2024	5.00%
Ultimate	5.00%

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

OTHER SUPPLEMENTARY INFORMATION



SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

**Schedule of Operating Expenses - Budget and Actual
Year Ended April 30, 2019**

	Original Budget	Final Budget	Actual
Salaries and Benefits			
Salaries - Regular	\$ 1,121,728	1,121,728	1,047,455
Salaries - Overtime	161,823	161,823	200,753
Salaries Part-time	26,269	26,269	38,501
FICA	100,525	100,525	94,003
IMRF	197,596	197,596	159,990
Unemployment Insurance	28,273	28,273	3,789
Health and Other	251,140	251,140	167,517
Eyeglass Replacement	2,400	2,400	1,941
Total Salaries and Benefits	1,889,754	1,889,754	1,713,949
Operations			
Utilities	4,200	4,200	4,335
Office Supplies	3,500	3,500	1,070
Gasoline	2,000	2,000	1,661
Uniforms	2,200	2,200	1,262
Accounting Services	20,000	20,000	21,069
Audit Services	4,600	4,600	4,600
Consulting	5,000	5,000	9,362
Special Consulting	132,000	132,000	121,000
MDT Support	48,000	48,000	44,000
Legal Services	2,500	2,500	10,044
Legal Contract	4,000	4,000	397
Janitorial	7,020	7,020	6,900
Payroll Services	5,761	5,761	5,006
Physicals	500	500	1,866
Insurance - General Liability	40,259	40,259	38,332
Employment Procurement	500	500	517
Wireless Telephone	2,400	2,400	1,909
Telephone	3,300	3,300	3,427
SBC T-1 Cost	15,000	15,000	13,270
Internet Access	1,750	1,750	1,575
Viper Phone Maintenance	28,098	28,098	28,098
Long Distance Phone	550	550	416
Fiber Optic Line	5,640	5,640	4,230
SBC R1 Lines	67,808	67,808	71,753
Radio Network Maintenance	11,904	11,904	10,316
Printing	250	250	-
Dues & Subscriptions	805	805	523

SOUTHERN COMBINED DISPATCH & COMMUNICATION SYSTEM, ILLINOIS

Schedule of Operating Expenses - Budget and Actual - Continued
 Year Ended April 30, 2019

	Original	Final	Actual
Operations - Continued			
Training	\$ 16,195	16,195	15,482
Travel	13,869	13,869	11,572
CAD Maintenance	10,000	10,000	20,000
Community Relations	4,950	4,950	3,917
Copier Lease	2,796	2,796	2,801
Verizon Air Cards	60,000	60,000	52,211
Postage	500	500	567
DTN Weather	5,496	5,496	2,917
Software Maintenance	60,382	60,382	69,742
Equipment Maintenance	15,696	15,696	16,531
Vehicle Maintenance	1,000	1,000	1,164
Radio Headset Replacement/Repair	1,500	1,500	765
Building Maintenance	4,000	4,000	5,574
Bank Service Fees	100	100	140
Miscellaneous	4,525	4,525	6,749
Equipment Purchases	-	-	27,036
Total Operations	620,554	620,554	644,106
Capital Expenses			
Capital Equipment	140,200	140,200	224,778
Less Capital Assets Capitalized	(140,200)	(140,200)	(224,778)
Total Capital Expenses	-	-	-
Depreciation	-	-	296,387
Total Expenses	2,510,308	2,510,308	2,654,442