

VILLAGE OF PALOS PARK, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



VILLAGE OF
PALOS PARK

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

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Prepared by:
Finance Department

Barbara Maziarek
Finance Director

VILLAGE OF PALOS PARK, ILLINOIS

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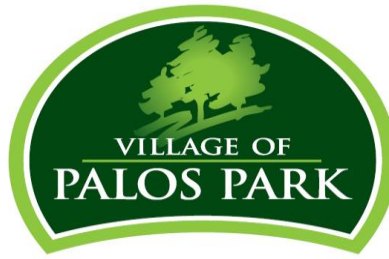
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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Palos Park, including:

- List of Principal Officials
- Organizational Chart
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting



VILLAGE OF PALOS PARK

PRINCIPAL OFFICIALS

May 1, 2016

JOHN F. MAHONEY

Mayor

MARIE ARRIGONI

Village Clerk

BOARD OF COMMISSIONERS

James Pavlatos - *Commissioner of Accounts and Finance*

Nicole Milovich-Walters - *Commissioner of Public Works and Streets, and Recreation*

Daniel Polk - *Commissioner of Public Health and Safety*

G. Darryl Reed - *Commissioner of Building and Public Property*

ADMINISTRATION

Richard B. Boehm - *Village Manager*

DEPARTMENT DIRECTORS

Barbara Maziarek - *Finance Director / Treasurer*

Joseph Miller - *Chief of Police*

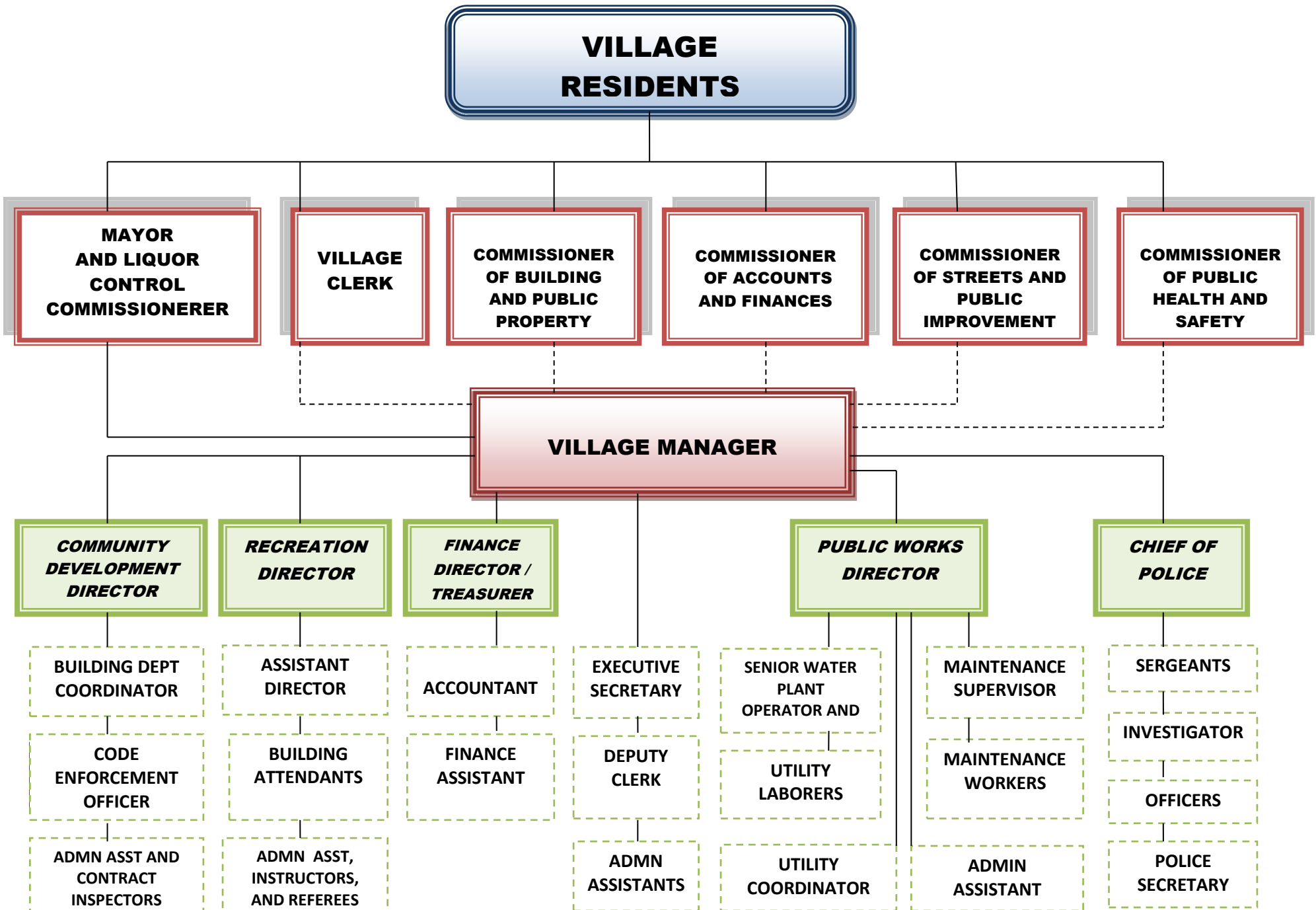
LeeAnn Fisk - *Recreation Director*

Michael Sibrava - *Public Works Director*

Lori Sommers - *Community Development Director*

VILLAGE OF PALOS PARK

ORGANIZATIONAL CHART





VILLAGE OF
PALOS PARK

JOHN F. MAHONEY
Mayor

November 2, 2016

JAMES PAVLATOS
Accounts & Finances

NICOLE MILOVICH-WALTERS
Public Works & Streets, Recreation

DAN POLK
Public Health & Safety

G. DARRYL REED
Building & Public Property

MARIE ARRIGONI
Village Clerk

RICHARD B. BOEHM
Village Manager

To the Honorable John Mahoney, Village Commissioners, and
Residents of the Village of Palos Park, Illinois:

The Comprehensive Annual Financial Report (CAFR) of the Village of Palos Park, Illinois for the year ended April 30, 2016 is hereby submitted as mandated by both local ordinance and state statute. Illinois state statute requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with States Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts.

The Village's CAFR consists of management's representation concerning the finances of the Village. Consequently, responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Village; and the Village as a whole, at the entity-wide level. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The Village's financial statements have been audited by Lauterbach and Amen, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village for the fiscal year ended April 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Village of Palos Park is pleased to report that the independent audit firm Lauterbach and Amen, LLP has issued an unmodified ("clean") opinion on the Village's financial statements for the year ended April 30, 2016. The independent auditor's report is located at the front of the financial section of the CAFR.

Village management is responsible for establishing and maintaining internal controls designed to safeguard Village assets from loss, theft, or misuse; as well as, ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The financial reporting entity (the government) includes all the funds and entity-wide accounting of the primary government (*i.e.*, the Village of Palos Park as legally defined); as well as, all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Police Pension Fund is reported as a fiduciary fund of the primary government.

PROFILE OF THE VILLAGE OF PALOS PARK

The Village of Palos Park was incorporated on October 31, 1914 as a small town that mainly served as a summer home for artists. The Village of Palos Park is a small residential suburb less than 15 miles southwest of the City of Chicago. It is nestled among Cook County's largest single Forest Preserve (the Palos section) holding with a population of 4,847 people (the 2010 Census figure). The Village of Palos Park covers an area of 3.6 square miles, and is an upscale community that prides itself on its semi-rural character. It has developed high-quality residential neighborhoods in which 94.1% of the homes are owner-occupied. The population of the community is very stable; according to the 2010 Census, 72.8% of owners have been residents since 1989 or earlier. The median age of residents is 52.7 years with 27.9% of residents over 65 years old. Two important concerns of residents are the maintenance of property values, and the quality of life issues.

Palos Park does not fit the traditional stereotype of the well-to-do Chicago suburb that rose out of reclaimed corn fields with expanses of flat green lawns and large fences separating neighbors. Instead, each residence sits amongst the rolling hills of a moraine dug by ice age glaciers. The municipality is separated by Cook County Forest Preserves. Mature trees, long distances between houses, and frequent large street setbacks make it often difficult, if not impossible, to see homes from the street; space and trees is what separates most neighbors. Ditches take the place of sidewalks and storm sewers in the Village, helping to replenish aquifers and further contributing to its distinctive character.

The Village of Palos Park is primarily a bedroom community; with 87.1% of the residents are white collar workers, and 12.90% of the residents are considered to be blue collar workers. Over 52.04% of the employed residents are managers, professionals, and related occupations. In addition, a majority of its employed residents commute into work, averaging 25 minutes of travel, with most presumably going into Chicago. Their commute traditionally has been by Interstate 55 (the Stevenson Expressway). However, increasingly commuters are taking advantage of the parking and Metra train departures at the Village's rail station. The Village prides itself on the high quality of its residential living and has historically been among the top Chicago area communities in per capita income.

Palos Park is a great place to work, live, and raise a family. The Village of Palos Park is dedicated to constantly improving the delivery of its services; thereby, enhancing the quality of life for its residents and the operating environment for its businesses. Although primarily a residential community, the Village of Palos Park does have three small areas of commercial development. The northeast corner of 131st Street and LaGrange Road supports many individual businesses, while the northwest corner is the home of the Shoppes of Mill Creek, Mill Creek Center, and gas stations. Several retail stores and office buildings are in the area around Southwest Highway and Route 83. Finally, establishments are located along 123rd Street, primarily between 80th Avenue and 86th Avenue. There is limited industrial property in the Village.

The largest employer in the community is the Holy Family Villa which is a skilled care facility. Immediately adjacent to the Village at 123rd Street and 80th Avenue is Palos Community Hospital (in Palos Heights) and serves as another major employer in the area. Also immediately adjacent to the Village at 131st Street and LaGrange Road (in Orland Park) lays Carl Sandburg High School (High School District 230).

The Village is governed by the Commission form of government consisting of a Mayor and four Commissioners elected at large for four year concurrent terms. Elected Commissioners are the legal department heads in the areas of Public Affairs (Mayor, by statute), Accounts and Finances, Public Health and Safety, Public Property and Building, and Streets and Public Improvements. The Village Clerk is also elected at large. The Village Council appoints, among others, the Village Manager, Village Attorney, and the Village Treasurer.

The Village of Palos Park provides a wide range of services. Those services include police protection, maintenance of streets and infrastructure, water and sewer service, branch chipping, planning and zoning, code enforcement, recreation and park services and events, and financial and general administrative services.

The annual budget is the primary guiding document for the Village's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, and Police Pension Fund are included in the annual budget. The level of budgetary control is established at the individual fund level.

OVERVIEW OF THE LOCAL ECONOMY AND FINANCES

The Mayor, Commissioners, and the Village staff are intent on maintaining the Village's strong financial condition, while continuing to provide the highest level of public services to its residents. The Village's financial position, as reflected in the financial statements presented in this report, is perhaps best understood when its considered from the broader perspective of the environment within which the Village operations.

The economy locally; as well as, at the county, state, and national level is still in weak recovery with growth projected to be only 2.5% for the year. In fiscal year 2016, the Village continued to

face some financial challenges, with negative impacts to many of our tax collections. The Village continued its fiscally conservative practice in its budget goals as a result of the continued economic downturn and decreasing revenue trends. Department Directors aimed to establish a fund balance surplus, while conservatively estimating revenues and expenditures in the budget for the fiscal year. As with much of the state and county, the Village is experiencing the challenge of providing new and improved services to residents while facing expanded federal and state mandates in a declining revenue environment.

Several major revenue sources declined as a result of the economy. Fortunately, the Village's conservative budgeting, maintenance of fund balance reserves, along with a strategic planning process enable the Village to end the fiscal year with adequate reserves intact. General Fund revenues increased overall by 2.66% in FY16 to \$4,417,789. Sales tax decreased by 6.25%, utility taxes decreased by 7.79%. Revenue from property taxes collections increased by 2.23%, permit fees increased by 7.34%, and state income tax increased by 8.82% as compared to the prior fiscal year.

General Fund operating expenditures increased in FY16 by \$204,543 to a total of \$4,578,402 as compared to the prior fiscal year. This 4.68% increase in expenditures was due to increased spending for health insurance costs for the employees, legal fees, and contractual services; as well as, increased spending in General Government, Public Safety, Public Affairs, Public Grounds, and Culture and Recreation Departments in the fiscal year. Reductions in Finance, Public Works, and Building Departments; as well as, Capital Outlay, and Debt Service expenditures helped reduce overall spending. Unfortunately, this increase in spending produced a deficit at the close of the fiscal year, creating a reserves reduction in the General Fund in the amount of \$232,626. The General Fund balance ensures that the Village has sufficient reserves to cover planned upcoming expenditures, and the fund balance is \$201,106 over the required three month reserve as per the Village's Financial Plan.

For a broader view of the recent trends in revenues, expenditures, and net assets see the Management Discussion and Analysis section.

LONG-TERM FINANCIAL PLANNING

The Village uses a number of processes and planning documents to accomplish its financial planning. As discussed above, the Village adopts an annual budget. A five-year financial plan is prepared that contains projections for revenues and expenses. The Five Year Long Range Plan is used to aid in future policy decision. With economic growth still in weak recovery, it is important that the Village Council continue to address long-term revenue policies and strategies. The goal is to maintain reserves in the General Fund while still providing a high level of services to its residents and businesses.

Several tools are utilized for long-term financial planning, including five-year budget projections, and a five-year capital improvement plan for equipment and infrastructure. The Village has been annually updating a five-year budget as a means of identifying increases in expenditure levels for subsequent years. The five-year budget uses a five year financial forecast estimating annual revenues and annual expenditures for long term planning. Trends in revenue

sources and expenditures will be identified and reviewed so quality assumptions may be made for the future fiscal health of the Village. This information will be utilized in creating a roadmap for Village operations, future capital improvement projects, and creating a financing plan for the Village's future.

MAJOR INITIATIVE FOR THE YEAR AND FOR THE FUTURE

The Village is proud of its many accomplishments over the last year to better our community. Palos Park continues to be a full service Village with strong financial management, efficient service delivery, high customer service response, positive community relations, neighborhood pride, and art and culture. Staff looks forward to continuing these traditions, working with the Village Council and community to uphold our excellence in local government management, and continuing to be a community that pursues progress.

Each year during the budget process, the Village Department Directors prepares their departments' goals and designated projects for the coming fiscal year. These goals and projects are detailed below by department.

ADMINISTRATION DEPARTMENT

Goals and Projects FY 2016

PERSONNEL

- Continue reviewing staffing in Departments;
- Refine a Village wide employee performance evaluation system;
- Continue identifying professional development for staff especially supervisor training;
- Continue to look for reorganization and consolidation of duty opportunities within departments (cross training);
- Establish a working employee Safety Committee;
- Work with employee committee to increase visibility and programming, continue to participate as a member;
- Restart the employee Fitness and Wellness Program; and
- Continue to update the Village's Manual of Personnel Policies.

COMMUNICATIONS

- Continue working toward a more user friendly Village website; while a new improved site was established, we will attempt to make even better;
- Keep business and residents on and near LaGrange Road advised of ongoing road construction;
- Continue to improve communications and build on positive relationships with surrounding municipalities and its staff;
- Continue weekly Department Director meetings;
- Improve communications with residents through newly revamped newsletter (combined publication), website, Facebook, Constant Contact, and other means;
- Continue to encourage departments to work together for the good of all; and

- Work with different groups and organizations in the community to assist them in meeting their objectives in service to the community.

ANNEXATIONS

- Continue to negotiate and seek to finalize annexations west of current Village boundaries;
- Conduct studies deemed needed to negotiate agreements in best interest of the Village;
- Continue the evaluation and planning for extension of utility services to new territory;
- Complete the Forrest Preserve District of Cook County Annexation; and
- Complete 131st Street Standard Bank annexation.

LEGAL

- Continue to work with staff and Village Attorney to limit our exposure to costly litigation;
- Track legal expenses of the Village.

PUBLIC PROPERTY

- Continue working with other communities to improve the experience of being on the Palos Park portion of the Cal-Sag Trail;
- Continue to review the necessity and potential to hire mechanical/building engineer to manage Village buildings i.e., Kaptur, Recreation, and Village Garage;
- Look to implement more improvements at Centennial Park;
- Continue to implement improvements at Kaptur Center, Recreation Center (Community House); and
- Continue to review potential improvement of the 123rd Street and 86th Avenue intersection including the possibility of a roundabout.

PROCEDURAL / OPERATIONS

- Administer the Municipal Electric Aggregation Program;
- Improve the retrieval process of Village records;
- Examine the feasibility of implementing document management through GIS; and
- Analyze operations by department and look for potential savings.

PUBLIC WORKS / INFRASTRUCTURE

- Work with IDOT contractor on implementation of LaGrange Road landscape plan;
- Signalize intersection of Creek Road and LaGrange Road to be completed with the US 45 widening project;
- Continue to promote bike and trail plans in Village of Palos Park;
- Plan and coordinate connections with the Cal Sag Trail and the Village trailhead; and
- Continue to study and finalize utility extensions.

ECONOMIC DEVELOPMENT

- Work with commercial ownership to fill space with tenants the Village desires;
- Feature businesses on website and in newsletter;
- Create a better economic development portion of website;
- Continue support of businesses through the Palos Area Chamber of Commerce;
- Outreach efforts to other business organizations and groups;

- Continue to evaluate economic development efforts with International Council of Shopping Centers;
- Continue outreach and communications with businesses;
- Consider development on No-Cash Bid Parcels, Schroeder Property, re-development around Metra Station and along LaGrange Road; and
- Look for opportunities to plan development on properties to be annexed.

FINANCE

- Research and evaluate the institution of a Storm Water Management Fee;
- Adhere to budget categories within budget, expense where appropriate, not where convenient;
- Contain legal fees;
- Document costs of special events; and
- Expand use of credit cards and on-line payments.

INSURANCE / LIABILITY

- Manager is the delegate to IRMA, and the Finance Director is the alternate delegate to IRMA;
- Continue compliance with all IRMA programs, i.e. risk assessments, IMAP, and Safety Compliance;
- Investigate participation in health insurance pools;
- Work with broker to finalize annual health care package for employees;
- Work with Comp Claims Management;
- Review and update the written Risk Management Plan; and
- Establish accident investigation protocol.

SPECIAL EVENTS

- Work with Palos Fine Arts and staff in planning and hosting the annual *Concert in the Park* event;
- Continue to work on all aspects of the *Autumn In The Park Festival* is scheduled for September 16-17, 2016;
- Look for more opportunities to provide additional summer community activities on the Village Green, more concerts, and community events;
- Work with employee committee to increase visibility and programming, continue to participate as a member;
- Restart the employee Fitness and Wellness Program; and
- Continue to update the Village's Manual of Personnel Policies.

BUILDING DEPARTMENT

Goals and Projects FY 2016

PLANNING ZONING

- Update Comprehensive Plan for west sector;
- Participate in multi-community coalition guiding Cal Sag Trail planning; and
- Participate in southwest community coalition guiding regional bikeway planning.

ANNEXATIONS

- Assist in negotiating annexation agreements and coordinating public hearings.

DEVELOPMENT

- Assist businesses with information on construction, remodeling, and upgrades; and
- Promote the available land and building space to prospective new businesses.

GRANTS

- Continue to look for grant opportunities for the Village.

COMMISSIONS

- Support the Plan Commission, Zoning Board of Appeals, and Historic Preservation Commission.

CODE UPDATES

- Review Building Code for possible amendments;
- Continue to amend zoning regulations as needed; and
- Amend code standards for west sector plans.

COMPLIANCE

- Continue functions of construction and property maintenance code compliance, including contractor registration plan review, permitting, inspection, and enforcement;
- Continue to provide information aides, and educational assistance to owners and builders;
- Upgrade staff capabilities through training, seminars, and certifications;
- Set up a Resident Self Inspection Program via Newsletter/web/cable, etc.; and
- Set up Business License Yearly Inspection Process and Education.

PUBLIC GROUNDS

- Coordinate property safety inspections; and
- Monitor structural conditions and arrange for repairs as needed at the Kaptur Center, McCord Gallery, and rental house.

FINANCE DEPARTMENT

Goals and Projects FY 2016

- Receive the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for FY2016;
- Prepare document for GFOA's Distinguished Budget Presentation Award for Fiscal Year 2017;
- Institute a program in which each department head works with his or her commissioner to define goals for the upcoming fiscal year and then present the report to the full Council;

- Institute a program in which each department head takes the previous year's goals and describes what was or was not accomplished on each item;
- Increase information in Quarterly Treasurer's Report and monthly financial cash position;
- Revamp the utility billing procedure and possibly the utility billing section of the Village Code to increase both efficiency and account receivables, with the longer-term goal of having the utility billing section of the Finance Department fund itself;
- Create a process for tracking sales receipts of businesses in sales tax rebate agreements and bring the accounts payable in these accounts current;
- Research all closed Special Assessments that still have positive fund balances to see if there were any receipts that were not properly attributed to that fund in an effort to reduce the fund balance and bring the monies into the General Fund, Sewer Fund, or Water Fund;
- Examine inconsistencies between the personnel manual and the Village Code with respect to work week hours, overtime, and comp time. Work with the Village Manager to make a recommendation to the Village Council to upgrade these documents to both resolve these differences and to reflect current trends;
- Make a new timesheet spreadsheet for all employees to enable more accurate and uniform recording of hours worked and to reduce internal payroll processing time;
- Create a new comp time tracking spreadsheet for full-time exempt employees to more accurately track hours that may roll off due to the 35 hour or 90 day maximums; and
- Continue to receive an unqualified audit opinion and minimal management letter comments.

POLICE DEPARTMENT

Goals and Projects FY 2016

- Maintain strong commitment to public safety to ensure Palos Park remains one of the safest places in the State of Illinois;
- Continue to address community concerns through directed patrol in areas of crimes and quality of life issues, which are best served by all facets of preventive patrol approaches and techniques;
- Make sure we research all avenues to stay one step ahead by upgrading technologies and evolving strategies to prevent crimes;
- Use statistical models of criminal trends, traffic concerns, and employee performance, to readily identify the appropriate resources are committed to address those problems. (Patrol, traffic enforcement, investigations, investigative support, bicycle patrol) while working with the community on policing issues and problems to solve them;
- We staff our police resources while being mindful of budgetary concerns and continually research and assess innovative solutions to reduce taxpayer burden;
- Enhance regional partnerships for the continuation of cost-effective services and explore all viable options for shared resources, while maintaining high standards and quality services;
- Continue to equip personnel to respond to critical incidents and protect our community;
- Strive to build our volunteer programs;
- Analyze all of our programs and services to determine their value in meeting our mission;

- Continue to encourage Vehicle Code compliance and safe driving through a visible presence on streets, school education, and media relations to decrease traffic and bicycle collisions.

PUBLIC WORKS DEPARTMENT

Goals and Projects FY 2016

FUND 01 – Department 24 – PUBLIC WORKS

- Continue to develop a long term capital improvement program for repair, replacement, and/or improving roadway safety and drivability Village wide;
- Create a priority list for required roadway work;
- Identify all funding sources and set up a Yearly work plan based on available funding;
- Evaluate if additional sources of revenue must be located to make sure the improvements can be made in a timely manner;
- Continue implementing sign replacement program to meet new state mandated requirements;
- Continue to Work with the Tree Body to update Village Ordinances;
- Continue efforts to alleviate storm water conveyance system inadequacies;
- Complete work identified in previous year through inspection, resident complaints, and actual flooding;
- Continue efforts to determine additional locations where improvement are needed;
- Improve equipment and operational response;
- Identify additional equipment needed to perform required maintenance;
- Identify equipment upgrades due to age of equipment or lack of performance;
- Continue training for professional development of the Public Works Staff;
- Offer training opportunities to staff to sharpen skills and acquire additional skills;
- Continue to improve the baseball field by adding or replacing surface with properly mixed dirt;
- Continue to stress the importance of working productively in a safe working environment with tool box talks and training; and
- Continue to maintain public grounds and buildings.

FUND 23 -- 1/2% SALES TAX FUND

- Complete scheduled drainage projects;
- Purchase equipment and tools necessary for street repairs and drainage projects; and
- Design and implement a paving program.

FUND 24 -- MOTOR FUEL TAX FUND

- Continue to maximize MFT Fund for eligible maintenance items;
- Purchase of salt and Therma Point to provide snow and ice control;
- Purchase of street signs to meet the new FHWA requirements; and
- Implement pavement rehab program; including crack sealing and minor surface improvements.

FUND 51 -- SEWER FUND

- Continue monitoring of sewer systems to locate infiltration issues and implement long term plan for repair or elimination to stay ahead of new limitations proposed by IEPA and MWRDGC;
- Begin televising in areas where infiltration has been identified;
- Continue to find permanent solutions to continual problems with sewage lift stations; including, retrofitting existing pumps to be more efficient and handle larger solids, pump replacement, trash collection systems, and installation of on-site natural gas generators;
- Continue to monitor on-site sanitary systems in compliance with IEPA regulations;
- Offer training opportunities to staff to sharpen skills and acquire additional skills;
- Continue to stress the importance of working productively in a safe working environment with tool box talks and training;
- Improve communication with private sewage disposal system owners, and work with owners to complete necessary repairs; and
- Stress importance of maintaining systems to avoid discharging contaminants into waterways.

FUND 52 -- WATER FUND

- Maintain and improve capability of Village water distribution system;
- Continue to maintain and update information to GIS System;
- Continue to replace MIU reading devices to MXU reading devices;
- Continue fire hydrant maintenance program;
- Utilize the information provided in the water distribution study to plan for long term improvements to our systems and provide data for the next water rate study;
- Utilize the information provided in the water distribution study to engineer and plan for possible expansion;
- Continue to utilize PW staff to identify and complete needed repairs when possible;
- Offer training opportunities to staff;
- Continue to stress the importance of working productively in a safe working environment with tool box talks and training;
- Increase accountability for water usage;
- Continue to replace older meters with new meters that do a better job of reading low flows;
- Continue to replace phone reading devices and nonworking reading devices to improve and expand the SCADA System.

RECREATION DEPARTMENT

Goals and Projects FY 2016

ADMINISTRATIVE

- Continue to evaluate and search for cost savings within the Recreation Department budget;
- Work with other entities in the community and develop a relationship that helps each other;
- Develop a plan of how the Recreation Department can participate and offer a means of serving those who cannot participate in conventional recreation programs;
- Work with the Forest Preserve District of Cook County for use of resources;

- Attend monthly School District 118 PFA meeting offering updates on the Recreation and Parks and Village news; and
- Research Grant opportunities.

FACILITIES

- Gather surveys from rentals on how we are performing to be used for training and updates;
- Improve customer satisfaction for programs and rentals;
- Keep the renting opportunity in the forefront of our community;
- Partner with the Chicago Convention and Visitors Bureau to bring events to Palos Park as a revenue source;
- Identify rental opportunities at Centennial Park; and
- Look at adding separate HVAC systems in phases to different spaces within the building.

PARKS

- Add landscaping to east side of building working with Beautification Committee;
- Find a partnership to clear and maintain the path to the Library, and work on a long range plan for outdoor education utilizing the path;
- Prepare long range plan for a new front entrance to access the playground;
- New Park Sign at Village Green with park rules;
- Find partnership for future building structure at Centennial;
- Install a water fountain at Centennial Park;
- Look at adding a storage structure at Centennial Park for maintenance and program items;
- Maintain, program the space, and name the 86th Street Park.

PROGRAMMING

- Offer more community events bringing the entire family together;
- Continue to offer creative programs and alternatives; not to compete but compliment the community;
- Find ways to fill open time in the facility and parks;
- Increase marketing utilizing all media outlets to keep the Recreation Department offerings in the forefront;
- Continue to offer new programs and events at Centennial Park;
- Focus on teens and reconnect with the junior high students; and
- Implement a unique birthday party service to increase revenue.

MAINTENANCE

- Continue to identify areas in and out of the facility in need of maintenance and cleaning;
- Install new windows in the upper level offices for energy efficiency;
- Investigate headless microphones to be used for classes or theater;
- Research a more cost efficient and up-dated security system for the Community Center;
- Finalize the stage curtain applications, mending, and adding cheaters to the sides of the stage;
- Stain and refinish all wood doors throughout building.

SAFETY

- Continue to meet with employees on topics of safety;
- Schedule safety trainings throughout the year;
- Encourage all staff to look at the facility and grounds, and bring safety issue to supervisor;
- Have a representative attend the Village safety committee meetings.

RELEVANT FINANCE POLICIES

The Village Council has in place several key written financial policies including a fund balance policy, capitalization policy, investment policy, purchasing policy, capital equipment fund, and a finance and facilities plan. The General Fund policy for fund balance is to maintain fund balance equal to a minimum of 25% or three months of budgeted expenditures. Further, we retain a debt service reserve policy to assure adequate cash is on hand for annual governmental debt service payments, which are funded by property taxes.

The Village continues to monitor the economic climate and its impact on the Village's finances and financial position. Since, 2010 the Village has issued quarterly reviews to assure that revenue and expenditures, particularly in the General Fund, are in line with expectations. There are continued financial concerns for this fiscal year; as well as, for the future of the Village of Palos Park.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palos Park for its comprehensive annual financial report for the fiscal year ended April 30, 2015. This was the 17th consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized Comprehensive Annual Financial Report, like the one you are currently reading. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial report was made possible by the diligent effort and dedicated service of *Suzanne Graal* of the Finance Department of the Village of Palos Park, and has our deepest and sincere appreciation for her contributions made in the preparation of this report.

We would also like to thank and extend our appreciation to the Administration Department and the Village's Department Directors: Public Works Director *Michael Sibrava*; Community Development Director *Lori Sommers*; Recreation and Parks Director *LeeAnn Fisk*; and Police Chief *Joe Miller*. All the Directors have been instrumental in the planning and implementation of this project. In addition, we would also like to thank the Mayor and Commissioners for their continued support in maintaining the highest standard of professionalism in the management of the Village's finances.

We would also like to express our appreciation to the personnel at Lauterbach and Amen, LLP who performed the examination in an effective and cooperative manner.

Respectfully Submitted,

VILLAGE OF PALOS PARK


Barbara Maziarek
Finance Director and Treasurer


Richard B. Boehm
Village Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Palos Park
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

November 2, 2016

The Honorable Mayor
Members of the Board of Trustees
Village of Palos Park, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Palos Park, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 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 Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Palos Park, Illinois, as of April 30, 2016, 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 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 Village of Palos Park, Illinois', basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF PALOS PARK, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2016

The Village of Palos Park's Management Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, and provides an overview of the Village's financial activity. In addition, it also helps to identify the following: 1) changes in the financial position; 2) material deviations from the financial plan; and 3) individual fund issues or concerns. This section of the Village of Palos Park's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the Village's financial activities during the fiscal year ending April 30, 2016. The MD&A is designed to focus on the current year's activities; and should be read in conjunction with the Transmittal Letter at the front of this report, and the Village's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- **Net position and performance in total** – The Village's total net position at fiscal year-end was \$22,645,109, a decrease of \$1,387,675 during the year.
- **Governmental activity summary** – Net position for governmental activities decreased by \$906,332 during the year to \$2,390,830.
- **Business-type activity summary** – Net position for business-type activities decreased by \$481,343 during the year to \$20,254,279.
- **General Fund summary** – The Village's General Fund reported a decrease of \$232,626 in fund balance for the year.
- **Budget vs. Actual** – The Village's actual revenues for the General Fund were more than budgeted revenues by \$43,875 while the actual expenditures were more than total budgeted expenditures by \$329,998.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village's financial statements present two kinds of statements, each with a different snapshot of the Village's finances. Both perspectives (government-wide and major fund) allow users to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the Village's accountability.

This discussion and analysis is intended to serve as an introduction to the Village of Palos Park's financial section of the CAFR. The financial section of the CAFR includes four components: 1) management's discussion and analysis; 2) the basic financial statements; 3) required supplementary information; and, 4) additional supplementary information. The basic financial statements include two kinds of statements that present different views of the Village: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

Government-wide financial statements provide both short and long-term information about the Village's overall financial status. Fund financial statements focus on individual parts of the Village government, reporting Village operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required supplementary information section that further explains and supports the information in the financial statements. In addition to all of the required financial statement elements, we have provided sections for combining statements to provide detail on non-major funds, for additional supplementary information, and for statistical information.

The following table summarizes the major features of the Village's financial statements.

DESCRIPTION	FUND STATEMENTS			
	GOVERNMENT-WIDE STATEMENTS	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	FIDUCIARY FUNDS
Scope	Entire Village government (except fiduciary funds) and the Village's component unit.	Activities of the Village that are not proprietary or fiduciary; such as, public safety.	Activities the Village operates similar to private business; such as, the water and sewer systems.	Activities in which the Village is trustee or agent of another's resources; such as pension plans.
Required financial statements	- Statement of Net Position - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures, and Changes in Fund Balances	- Statement of Net Position - Statement of Revenues, Expenses, and Changes in Net Position - Statement of Cash Flows	- Statement of Fiduciary Net Position - Statement of Changes in Fiduciary Net Position
Accounting basis	Accrual	Modified Accrual	Accrual	Accrual
Measurement focus	Economic resources	Current financial resources	Economic resources	Economic resources
Type of asset and liability information	All assets and liabilities; both financial and capital, short and long-term.	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets.	All assets and liabilities; both financial and capital, short and long-term.	All assets and liabilities; both short and long-term. Does not currently contain capital assets.
Type of inflow and outflow information	All revenues and expenses during the year regardless of when cash is received or paid.	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter.	All revenues and expenses during the year regardless of when cash is received or paid.	All revenues and expenses during the year regardless of when cash is received or paid.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to emulate the corporate-like sector in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to disclose bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

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

The governmental activities reflect the Village’s basic services, including administration, financial services, police, recreation, public works, and zoning. Property taxes, local utility taxes, telecommunications taxes, and shared state tax distributions finance the majority of these services. The business-type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus of these fund financial statements is on major funds, rather than fund types.

Governmental Funds are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. Governmental Funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for Village operations.

Proprietary funds account for services that are generally fully supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long-term financial information.

Fiduciary funds are presented for certain activities where the Village’s role is that of trustee or agent (i.e. Police Pension). While fiduciary funds represent trust responsibilities of the government, these assets are restricted in purpose, and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

While the total column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental funds total column requires reconciliation because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual), which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds, proceeds from sales of capital assets, and interfund transfers as other financing sources; as well as, capital outlay expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide financial statements.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

STATEMENT OF NET POSITION

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$25,830,427. The following table reflects the condensed Statement of Net Position as of April 30, 2016 and 2015. For more detailed information see the Statement of Net Position.

**TABLE 1
STATEMENT OF NET POSITION
FOR FISCAL YEARS 2016 AND 2015**

	<i>Governmental Activities 2016</i>	<i>Governmental Activities 2015</i>	<i>Business- Type Activities 2016</i>	<i>Business- Type Activities 2015</i>	<i>Total Primary Government 2016</i>	<i>Total Primary Government 2015</i>
Assets:						
<i>Current and Other Assets</i>	\$ 3,253,011	\$ 3,721,777	\$ 3,168,244	\$ 2,915,236	\$ 6,421,255	\$ 6,637,013
<i>Capital Assets</i>	4,612,176	4,476,814	19,292,375	20,127,233	23,904,551	24,604,047
Total Assets	\$ 7,865,187	\$ 8,198,591	\$ 22,460,619	\$ 23,042,469	\$ 30,325,806	\$ 31,241,060
<i>Deferred Outflows of Resources</i>	\$ 988,714		\$ 118,071		\$ 1,106,785	
Total Assets and Deferred Outflows of Resources	\$ 8,853,901	\$ 8,198,591	\$ 22,578,690	\$ 23,042,469	\$ 31,432,591	\$ 31,241,060
Liabilities:						
<i>Other Liabilities</i>	\$ 562,190	\$ 459,663	\$ 372,708	\$ 324,389	\$ 934,898	\$ 784,052
<i>Long-Term Liabilities</i>	5,244,206	522,884	1,944,965	1,769,427	7,189,171	2,292,311
Total Liabilities	\$ 5,806,396	\$ 982,547	\$ 2,317,673	\$ 2,093,816	\$ 8,124,069	\$ 3,076,363
Unearned Revenue: Unavailable Revenue	\$ 656,675	\$ 630,726	\$ 6,738	\$ -	\$ 663,413	\$ 630,726
Total Liabilities and Deferred Inflows of Resources	\$ 6,463,071	\$ 1,613,273	\$ 2,324,411	\$ 2,093,816	\$ 8,787,482	\$ 3,707,089
Net Position:						
<i>Net Investment in Capital Assets</i>	\$ 4,247,176	\$ 4,072,934	\$ 17,547,723	\$ 18,200,951	\$ 21,794,899	\$ 22,273,885
<i>Restricted</i>	1,035,595	1,370,146	-	-	1,035,595	1,370,146
<i>Unrestricted</i>	(2,891,941)	1,142,238	2,706,556	2,747,702	(185,385)	3,889,940
TOTAL NET POSITION	\$ 2,390,830	\$ 6,585,318	\$ 20,254,279	\$ 20,948,653	\$ 22,645,109	\$ 27,533,971

CURRENT YEAR IMPACT – NET POSITION

The Village's combined net position (which is the Village's bottom line) decreased 5.77% from \$24,032,784 to \$22,645,109 with a decrease in net position of \$1,387,675. Net position of the Village's governmental activities decreased \$906,332 during the year and ended the year at \$2,390,830. The Village's unrestricted net position for governmental activities, the part of net position that can be used to finance daily operations, decreased \$4,034,179 over last year to (\$2,892,941).

The net position of business-type net position decreased \$481,343 or 2.32% during the year, and ended the fiscal year at \$20,254,279. Unrestricted net position, available to finance the continuing operation of its business-type activities, was \$2,706,556. Business-type activities include water, sewer, solid waste, and commuter parking lot services. The annual operating cost of these services for Fiscal Year 2016 was \$3,276,894.

NORMAL IMPACTS – NET POSITION

There are six common (basic) types of transactions that will generally affect the comparability of the Statement of Net Position summary presentation.

1. ***Net Results Of Activities*** – Impacts (increases/decreases) current assets and unrestricted net position.
2. ***Borrowing For Capital*** – Increases current assets and long-term debt.
3. ***Spending Borrowed Proceeds on New Capital*** – Reduces current assets and increases capital assets. Also, an increase in invested in capital assets and an increase in related net debt will not change the net investment in capital assets.
4. ***Spending Of Non-borrowed Current Assets On New Capital*** – (a) Reduces current assets and increases capital assets, and (b) reduces unrestricted net position and increases net investment in capital assets.
5. ***Principal Payment On Debt*** – (a) Reduces current assets and reduces long-term debt; and, (b) reduces unrestricted net position and increases net investment in capital assets.
6. ***Reduction Of Capital Assets Through Depreciation*** – Reduces capital assets and net investment in capital assets.

STATEMENT OF CHANGES IN NET POSITION

The following table presents a condensed summary of Changes in Net Position for the current fiscal year; as well as, the previous fiscal year.

TABLE 2
CHANGES IN NET POSITION
FOR FISCAL YEARS 2016 AND 2015

	Governmental Activities 2016	Governmental Activities 2015	Business- Type Activities 2016	Business- Type Activities 2015	Total Primary Government 2016	Total Primary Government 2015
REVENUES						
Program Revenues:						
Charges for Services	\$ 773,600	\$ 829,448	\$ 2,786,232	\$ 2,702,949	\$ 3,559,832	\$ 3,532,397
Operating Grants	123,981	145,937	-	-	123,981	145,937
General Revenues:						
Property Taxes	1,311,982	1,283,415	-	-	1,311,982	1,283,415
Sales Taxes	789,842	836,596	-	-	789,842	836,596
Utility Taxes	442,551	479,923	-	-	442,551	479,923
Income Taxes	516,556	474,689	-	-	516,556	474,689
Other	272,394	252,118	-	-	272,394	252,118
Investment Income	5,543	3,361	751	1,122	6,294	4,483
Other	524,000	420,641	38,568	30,423	562,568	451,064
Total Revenues	4,760,449	4,726,128	2,825,551	2,734,494	7,586,000	7,460,622
EXPENSES						
General Government	1,025,499	634,452	-	-	1,025,499	634,452
Public Safety	2,698,289	2,113,476	-	-	2,698,289	2,113,476
Public Works	704,318	1,000,130	-	-	704,318	1,000,130
Building and Public Grounds	688,816	448,021	-	-	688,816	448,021
Culture and Recreation	562,906	483,981	-	-	562,906	483,981
Water	-	-	2,107,252	2,100,082	2,107,252	2,100,082
Sewer Maintenance	-	-	771,114	777,743	771,114	777,743
Refuse and Recycling	-	-	316,838	310,069	316,838	310,069
Commuter Parking Lot	-	-	81,690	80,204	81,690	80,204
Interest on Long-Term Debt	16,953	24,007	-	-	16,953	24,007
Total Expenses	5,696,781	4,704,067	3,276,894	3,268,098	8,973,675	7,972,165
Change in Net Position Before Transfers	(936,332)	22,061	(451,343)	(533,604)	(1,387,675)	(511,543)
Transfers	30,000	35,000	(30,000)	(35,000)	-	-
Change in Net Position	(906,332)	57,061	(481,343)	(568,604)	(1,387,675)	(511,543)
Beginning Net Position as Restated	3,297,162	6,528,257	20,735,622	21,517,257	24,032,784	28,045,514
Ending Net Position	\$ 2,390,830	\$ 6,585,318	\$ 20,254,279	\$ 20,948,653	\$ 22,645,109	\$ 27,533,971

CURRENT YEAR IMPACTS -- CHANGES IN NET POSITION

The beginning net position in both governmental and business-type activities were restated in the current year due to the Village implementing GASB Statement No. 68 and recording the net pension liability for IMRF and police pension on their financial statements. Governmental and business-type activities beginning balances had a decrease in beginning net position of \$3,288,156 and \$213,031, respectively.

Governmental Activities

Overall total revenues for governmental activities in FY16 totaled \$4,760,449 representing an increase in net amount of \$34,321 or 0.73% (\$773,600 for Charges for Services; \$1,311,982 for Property Taxes; and \$2,674,867 for Other Revenues). Revenues decreased in the following categories: charges for services, sales taxes, utility taxes, and operating grants during the fiscal year. Property taxes were one of the Village's largest sources of revenue at \$1,311,982; that is an increase of 2.23% over FY15. Sales tax revenue decreased by 5.59% to \$789,842 or \$46,754 less than FY15. Utility taxes in FY16 decreased to \$442,551 or 7.79%. State income tax payments increased 8.82% to an annual total of \$516,556. Other revenue sources have experienced minor decreases, again reflecting continuing slow economic conditions.

Expenses for governmental activities totaled \$5,696,781 representing an 21.10% increase from the previous fiscal year. Some of the more notable increases in spending are as follows: wages increased by 11.04% to \$2,368,254; while benefits increased 8.96% to \$817,911; legal fees increased 212.92% to \$411,774; other contractual services increased 2.22% to \$713,307; commodities decreased 11.48% to \$250,706; and insurance decreased 36.23% to \$48,685 in this fiscal year. The Village saw increases in departmental expenditures in general government, public safety, public grounds, and recreation; while finance, building, public works, capital outlay, and debt service noted decreases in departmental expenditures during the fiscal year.

Business-Type Activities

Revenue from business-type activities totaled \$2,825,551 (\$2,786,232 charges for services; \$751 from investment income; and \$38,568 from other income), representing an increase of \$91,057 from the previous fiscal year. Operating revenues in the Water Fund increased \$95,432 to \$1,878,775; while in the Sewer Fund the operating revenues decreased \$26,038 to \$470,470 in FY16. The Refuse and Recycling Fund for FY16 ended the fiscal year with total revenues of \$339,892 an increase of \$5,780. The Commuter Lot Fund operating revenues increased \$8,109 to \$97,095 in FY16. Fiscal year 2016 saw rate adjustments for both water and sewer funds; however, usage is dependent on the weather, a warmer summer season increases water consumption.

Expenses for business-type activities totaled \$3,276,894, an \$8,796 increase from the previous fiscal year. In the fiscal year, water purchase expenses increased by \$7,190 or 0.34% due to increased fees for the purchase of water. Water services expenses decreased by \$49,028 to \$219,842. The Commuter Lot Fund operating expenses increased \$1,486 to \$81,690 for an increase in Charges for Services. The Sewer Fund operating expenses increased \$179 to \$365,876 for Personnel, and Charges for Services. The Refuse and Recycling Fund ended the fiscal year with total expenses of \$316,838 an increase of \$6,769 or 2.18% for the fiscal year 2016.

NORMAL IMPACTS – CHANGES IN NET POSITION

Reflected below are nine common (basic) impacts on revenues and expenses.

- ***Economic Condition*** – Reflects a declining, stable, or growing economic environment and has a substantial impact on state income, sales, telecommunications, and utility tax revenues; as well as, public spending habits for items, such as: building permits and elective user fees including volumes of usage.
- ***Increase/Decrease In Village Approved Rates*** – While certain tax rates are set by statute, the Village Council has authority to impose and periodically increase/decrease rates (water, sewer, building permit fees, vehicle stickers, etc.) The Village's property taxes are subject to tax caps which generally limit Village increases to the lesser of Consumer Price Index (3.0% for the 2012 levy) or 5.0%; plus any growth gained through development or redevelopment.
- ***Changing Patterns Of Intergovernmental And Grant Revenue (both recurring and non-recurring)*** – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- ***Market Impacts On Investment Income*** – The Village's investment portfolio is managed with an approach utilizing competitive pricing, laddered maturities up to one year for term investments, and diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.
- ***Changes In Programs*** – Within the functional expense categories (General Government, Public Safety, Public Works, etc.), individual programs may be added, deleted, or expanded to meet changing community needs.
- ***Changes In Authorized Personnel*** – Changes in service demand may cause the Village Council to increase/decrease authorized staffing.
- ***Salary Increases (annual adjustments and step increases)*** – The ability to attract and retain human and intellectual resources requires the Village to strive to maintain a competitive salary range position in the marketplace.
- ***Inflation*** – Overall inflation decreased slightly (the CPI-U was 1.3%) at the end of FY16 compared to the end of FY15's CPI-U of 1.6%, but the CPI measures "average" inflation. The Village is a major consumer of certain commodities and services which typically experience inflation at a rate that can be significantly difference from CPI; for example, insurance, fuel, electricity, and operating services.
- ***Unfunded Mandates and Imposed Fees*** – Over the years there have been many unfunded mandates and fee impositions that have hit municipalities. The Village is impacted by unfunded mandates imposed by federal, state, and local governments; as well as, regulatory agencies. These unfunded mandates can generate additional expenses without compensating revenues.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the fiscal year ended April 30, 2016, the Governmental Funds reflect a combined fund balance of \$2,135,052 which is a decrease of \$576,640 or 21.26%, from the prior fiscal year. The General Fund ending fund balance at April 30, 2016 was \$1,345,727 which is a decrease of \$232,626. A healthy fund balance is sufficient to allow for short-term cash flow aberrations and a fund balance assignment for working cash. Additionally, a healthy General Fund balance ensures that the Village has sufficient reserves to cover planned upcoming expenditures, continued commitments to projects set aside for funding in the FY16 budget per the Village's finance plan, and impacts that could arise over several years of a potential extended economic downturn or diminishment in revenues impacted by the State of Illinois. The fund balance represents 23.89% of the Village's General Fund expenditures for FY16. This percentage is over the Village's policy of retaining a minimum of three months or a 25% reserve of the General Fund expenditure budget in the fund balance. This fund balance amount represents 17.57% or \$201,106 over the required three months reserve. While the Village would still consider its fund balance to be healthy, the recent trend, which does not differ from other municipalities in the State as the economic crisis continues, it is worth keeping a close watch.

Total revenues for the General Fund of \$4,417,789 was more than the prior fiscal year by \$114,311 or 2.66%. Revenue increases were seen in Intergovernmental Taxes, Fines and Forfeits, and Charges for Services. Actual General Fund revenues were more than originally budgeted revenues by \$43,875 for the fiscal year. General Fund expenditures were more than originally budgeted by \$329,998. The actual expenditures were more than the actual revenue by \$160,613 prior to other financing sources. Notable differences between the budget and actual numbers for Revenues, Expenditures, and Other Financing Sources are explained below.

Operating expenditures increased in FY16 to \$4,578,402 or \$204,543 more than the prior fiscal year. General Fund expenditures were \$329,998 more than budgeted in the fiscal year. Administration expenditures were more than the prior fiscal year as result of increased insurance, and other contractual services. Public safety also noted higher expenditures for wages and benefits. Public works decreased spending for wages, benefits, insurance, and commodities in FY16. Recreation increased spending for wages, benefits, and other contractual services. Public Affairs noted significantly higher expenditures for legal fees in fiscal year as compared to the prior fiscal year.

**TABLE 3
GENERAL FUND BUDGETARY HIGHLIGHTS**

<i>General Fund</i>	<i>FY16 Budget</i>	<i>FY16 Actual</i>	<i>FY15 Actual</i>	<i>FY14 Actual</i>	<i>FY13 Actual</i>	<i>FY012 Actual</i>
<i>Revenues:</i>						
<i>Taxes</i>	\$ 2,145,427	\$ 2,026,927	\$ 2,015,456	\$ 2,021,488	\$ 1,953,164	\$ 1,985,136
<i>Licenses & Permits</i>	444,600	503,771	500,102	372,638	459,802	482,653
<i>Intergovernmental</i>	1,154,853	1,141,231	1,141,071	1,128,198	1,153,260	1,134,457
<i>Other</i>	629,034	745,860	646,849	591,721	543,369	795,294
<i>Total</i>	4,373,914	4,417,789	4,303,478	4,114,045	4,109,595	4,397,540
<i>Expenditures:</i>						
<i>Current</i>	(4,203,179)	(4,545,059)	(4,013,993)	(3,889,486)	(3,751,297)	(3,958,495)
<i>Capital Outlay</i>	(45,225)	(33,343)	(47,301)	(37,569)	(537)	(1,021)
<i>Debt Service</i>	-	-	(312,565)	(258,132)	(270,144)	(272,105)
<i>Total</i>	(4,248,404)	(4,578,402)	(4,373,859)	(4,185,187)	(4,021,978)	(4,231,621)
<i>Other Financing Sources (Uses)</i>						
<i>Transfers In</i>	80,000	80,000	85,000	85,000	70,000	90,000
<i>Transfers Out</i>	(167,366)	(157,231)	(52,510)	(44,110)	(44,110)	(44,110)
<i>Issuance of Installment Notes</i>	-	-	-	-	-	-
<i>Proceeds from Sale of Assets</i>	7,500	5,218	-	7,966	1,406	3,971
<i>Total</i>	(79,866)	(72,013)	32,490	48,856	27,296	49,861
<i>Net Change in Fund Balance</i>	\$ 45,644	\$ (232,626)	\$ (37,891)	\$ (22,286)	\$ 114,913	\$ 215,780

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2016, the Village had a total of capital assets in the amount of \$23,904,551; invested in a broad range of capital assets including land, land improvements, buildings, vehicles, machinery and equipment, furniture and fixtures, streets, water mains, storm sewers, and sanitary sewer lines. For more detailed information on capital assets, refer to Notes to Financial Statements #3: *Capital Assets* in the basic financial statements.

Major capital activity during the year included street resurfacing program using Motor Fuel Tax Fund, and several drainage improvement projects paid from the ½ % Sales Tax Fund. One new squad car were purchased from the Police Asset Forfeiture Fund. The installation of a lift station control with funds from the Sewer Fund. Land Improvements include the Village Green drainage project, the LaGrange Road Project, and the Cal-Sag Bike Trail. In addition, there were building improvements in the Kaptur Center building and Recreation Building.

**TABLE 4
CHANGES IN NET CAPITAL ASSETS**

	<i>Beginning Balance May 1, 2015</i>	<i>Additions/ Deletion</i>	<i>Ending Balance April 30, 2016</i>
<i>Non-Depreciable Assets</i>			
<i>Land</i>	\$ 1,729,988	\$ -	\$ 1,729,988
<i>Depreciable Capital Assets</i>			
<i>Buildings and Improvements</i>	3,956,462	25,817	3,982,279
<i>Equipment and Vehicles</i>	1,140,005	18,930	1,158,935
<i>Land Improvements</i>	-	261,137	261,137
<i>Water Distribution System</i>	18,405,415	46,410	18,451,825
<i>Sewer Distribution System</i>	17,277,832	86,252	17,364,084
<i>Accumulated Depreciation on Capital Assets</i>	(17,910,614)	(1,133,083)	(19,043,697)
<i>TOTAL</i>	<u>\$ 24,599,088</u>	<u>\$ (694,537)</u>	<u>\$ 23,904,551</u>

Debt Outstanding

At year end, the Village of Palos Park had the following debt outstanding:

- In October 2010, the Village entered into an installment purchase contract for the purchase of a dump truck. As of April 30, 2016, there was a zero balance on this contract.
- In the fall of 2006, the Village issued a \$570,000 installment contract for the purchase of property for a future park. As of April 30, 2016, the balance was \$365,000.
- The Village's Water Fund has bonds payable for two special assessments (96-1A and 96-1B) for a public benefit portion of those special assessments. The principal balance as of April 30, 2016 was \$94,652.
- In Fiscal Year 2005, the Village issued \$450,000 Series 2004 General Obligation Alternate Revenue Bonds for the extension of water and sewer along certain areas of LaGrange Road and the area of 131st Street and Wolf Road. In FY06, the Village issued \$450,000 Series 2005 General Obligation Alternate Revenue Bonds for the 94th Ave./Rod Estates/Munch Subdivision. In both cases the property taxes on these bonds are to be abated annually and the bonds are repaid with water and sewer revenues. As of April 30, 2016, the combined principal balance remaining was \$285,000.
- In Fiscal Year 2010, the Village issued \$1,750,000 Series 2010 General Obligation Alternative Revenue Bonds to finance the construction of an underground reservoir. The principal balance as of April 30, 2016 was \$1,365,000.

The Village is also the paying agent for several special assessment bonds. These bonds are an obligation of the associated special assessment district residents as enforceable liens and are not an obligation of the Village. Therefore, those debts are not a liability of the Village of Palos Park.

The Village's total legal general obligation debt limit is \$16,993,726. The Village's total general obligation debt applicable to this limit of \$365,000 is well within the limit. See Notes to Financial Statements #3: *Long-Term Debt* for additional information regarding the long-term debt of the Village.

ECONOMIC FACTORS

The Village's elected officials and department directors considered many factors when preparing the fiscal year's budget, adopting the property tax levy, and setting fees that will be charged for its governmental and business-type activities. The economic factors taken into account for fiscal year when those documents were prepared and/or considered are described below. These economic factors include housing, interest rates, deflation, credit/loan issues, the poor performance of the stock market, and the State of Illinois governmental fiscal crisis among others.

The Village's 2015 tax year equalized assessed value (EAV) for property taxes payable in 2016 was \$197,028,709 as compared to the 2014 EAV of \$203,028,808. This is a 2.96% decrease in the Village's EAV, due to external economic factors and is the fifth year that the values have decreased. However, property taxes within the Village's corporate limits continue to provide a stable revenue source.

The Village has long established policies, special revenue funds, and other reserves to provide for its ability to continue operations should changes in the economy or its normal revenue streams occur. While the financial issues particularly associated with the State of Illinois are yet to be resolved, the Village may need to re-evaluate its operations, consider increasing other revenue sources, and/or reduce expenditures should there be significant or permanent changes in normal funding received through these sources in the future. The Village continues to monitor revenue and expenses throughout the fiscal year. Managing the delivery of quality municipal services is a challenge to all local governments, and doing so in a down economy is especially difficult. The Village will continue to be proactive in responding to any unforeseen events to minimize the impact to the Village residents.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. This report and others may be found on the Village's website: www.palospark.org. Questions concerning this report or requests for additional financial information should be directed to:

Barbara Maziarek
Finance Director and Treasurer
Village of Palos Park
8999 W. 123rd Street
Palos Park, Illinois 60464
bmaziarek@palospark.org

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Net Position
April 30, 2016

See Following Page

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Net Position April 30, 2016

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,019,317	2,854,148	4,873,465
Receivables - Net of Allowances	1,134,038	338,591	1,472,629
Due from Other Governments	11,031	-	11,031
Internal Balances	34,342	(34,342)	-
Prepays/Inventories	54,283	9,847	64,130
Total Current Assets	3,253,011	3,168,244	6,421,255
Noncurrent Assets			
Capital Assets			
Nondepreciable	1,709,988	20,000	1,729,988
Depreciable	5,271,572	35,946,688	41,218,260
Accumulated Depreciation	(2,369,384)	(16,674,313)	(19,043,697)
Total Noncurrent Assets	4,612,176	19,292,375	23,904,551
Total Assets	7,865,187	22,460,619	30,325,806
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	281,868	118,071	399,939
Deferred Items - SLEP	102,890	-	102,890
Deferred Items - Police Pension	603,956	-	603,956
Total Deferred Outflows of Resources	988,714	118,071	1,106,785
Total Assets and Deferred Outflows of Resources	8,853,901	22,578,690	31,432,591

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 258,047	148,173	406,220
Accrued Payroll	90,551	18,232	108,783
Accrued Interest	6,416	16,241	22,657
Deposits Payable	128,770	-	128,770
Current Portion of Long-Term Liabilities	78,406	190,062	268,468
Total Current Liabilities	<u>562,190</u>	<u>372,708</u>	<u>934,898</u>
Noncurrent Liabilities			
Compensated Absences Payable	193,626	29,408	223,034
Net Pension Liability - IMRF	844,180	353,615	1,197,795
Net Pension Liability - SLEP	87,085	-	87,085
Net Pension Liability - Police Pension	3,784,315	-	3,784,315
General Obligation Bonds/Debt Certificates	335,000	1,505,000	1,840,000
Special Assessment Bonds Payable	-	56,942	56,942
Total Noncurrent Liabilities	<u>5,244,206</u>	<u>1,944,965</u>	<u>7,189,171</u>
Total Liabilities	<u>5,806,396</u>	<u>2,317,673</u>	<u>8,124,069</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	640,591	-	640,591
Deferred Items - IMRF	16,084	6,738	22,822
Total Deferred Inflows of Resources	<u>656,675</u>	<u>6,738</u>	<u>663,413</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,463,071</u>	<u>2,324,411</u>	<u>8,787,482</u>
NET POSITION			
Net Investment in Capital Assets	4,247,176	17,547,723	21,794,899
Restricted - Special Events	272,798	-	272,798
Restricted - Beautification	2,542	-	2,542
Restricted - McCord	984	-	984
Restricted - Highways and Streets	206,501	-	206,501
Restricted - Police Forfeitures Programs	18,792	-	18,792
Restricted - Capital Projects	223,963	-	223,963
Restricted - Public Infrastructure Improvements	310,015	-	310,015
Unrestricted	<u>(2,891,941)</u>	<u>2,706,556</u>	<u>(185,385)</u>
Total Net Position	<u>2,390,830</u>	<u>20,254,279</u>	<u>22,645,109</u>

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

VILLAGE OF PALOS PARK, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,025,499	503,771	-	-
Public Safety	2,698,289	106,261	-	-
Public Works	704,318	-	123,981	-
Building and Public Grounds	688,816	-	-	-
Culture and Recreation	562,906	163,568	-	-
Interest on Long-Term Debt	16,953	-	-	-
Total Governmental Activities	5,696,781	773,600	123,981	-
Business-Type Activities				
Water	2,107,252	1,878,775	-	-
Sewer Maintenance	771,114	470,470	-	-
Refuse and Recycling	316,838	339,892	-	-
Commuter Parking Lot	81,690	97,095	-	-
Total Business-Type Activities	3,276,894	2,786,232	-	-
Total Primary Government	8,973,675	3,559,832	123,981	-

General Revenues
 Taxes
 Property
 Local Sales
 Utility
 Other Taxes
 Intergovernmental - Unrestricted
 State Sales Tax
 State Income Tax
 Interest
 Miscellaneous
 Transfers - Internal Activity

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Primary Government		
Net (Expense)/Revenue		
Governmental Activities	Business-Type Activities	Totals
(521,728)	-	(521,728)
(2,592,028)	-	(2,592,028)
(580,337)	-	(580,337)
(688,816)	-	(688,816)
(399,338)	-	(399,338)
(16,953)	-	(16,953)
(4,799,200)	-	(4,799,200)
-	(228,477)	(228,477)
-	(300,644)	(300,644)
-	23,054	23,054
-	15,405	15,405
-	(490,662)	(490,662)
(4,799,200)	(490,662)	(5,289,862)
1,311,982	-	1,311,982
165,167	-	165,167
442,551	-	442,551
272,394	-	272,394
624,675	-	624,675
516,556	-	516,556
5,543	751	6,294
524,000	38,568	562,568
30,000	(30,000)	-
3,892,868	9,319	3,902,187
(906,332)	(481,343)	(1,387,675)
3,297,162	20,735,622	24,032,784
2,390,830	20,254,279	22,645,109

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

VILLAGE OF PALOS PARK, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2016**

	General	Nonmajor	Totals
ASSETS			
Cash and Investments	\$ 1,279,036	740,281	2,019,317
Receivables - Net of Allowances			
Taxes	944,174	41,512	985,686
Accounts	24,026	-	24,026
Other	124,326	-	124,326
Due from Other Governments	-	11,031	11,031
Due from Other Funds	34,342	-	34,342
Prepays	54,283	-	54,283
Total Assets	<u>2,460,187</u>	<u>792,824</u>	<u>3,253,011</u>
LIABILITIES			
Accounts Payable	254,548	3,499	258,047
Accrued Payroll	90,551	-	90,551
Deposits Payable	128,770	-	128,770
Total Liabilities	<u>473,869</u>	<u>3,499</u>	<u>477,368</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	640,591	-	640,591
Total Liabilities and Deferred Inflows of Resources	<u>1,114,460</u>	<u>3,499</u>	<u>1,117,959</u>
FUND BALANCES			
Nonspendable	54,283	-	54,283
Restricted	276,324	759,271	1,035,595
Assigned	-	30,054	30,054
Unassigned	1,015,120	-	1,015,120
Total Fund Balances	<u>1,345,727</u>	<u>789,325</u>	<u>2,135,052</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>2,460,187</u>	<u>792,824</u>	<u>3,253,011</u>

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

VILLAGE OF PALOS PARK, ILLINOIS

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

April 30, 2016

Total Governmental Fund Balances	\$ 2,135,052
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	4,612,176
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	265,784
Deferred Items - SLEP	102,890
Deferred Items - Police Pension	603,956

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(242,032)
Net Pension Liability - IMRF	(844,180)
Net Pension Liability - SLEP	(87,085)
Net Pension Liability - Police Pension	(3,784,315)
Debt Certificates Payable	(365,000)
Accrued Interest Payable	<u>(6,416)</u>

Net Position of Governmental Activities	<u><u>2,390,830</u></u>
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VILLAGE OF PALOS PARK, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2016**

	General	Nonmajor	Totals
Revenues			
Taxes	\$ 2,026,927	165,167	2,192,094
Intergovernmental	1,141,231	123,981	1,265,212
Licenses and Permits	503,771	-	503,771
Charges for Services	163,568	-	163,568
Fines and Forfeitures	100,547	5,714	106,261
Interest	4,187	1,356	5,543
Miscellaneous	477,558	46,442	524,000
Total Revenues	4,417,789	342,660	4,760,449
Expenditures			
Current			
General Government	870,967	-	870,967
Public Safety	2,208,292	24,709	2,233,001
Public Works	509,177	72,348	581,525
Building and Grounds	453,257	235,559	688,816
Culture and Recreation	503,366	43,330	546,696
Capital Outlay	33,343	366,589	399,932
Debt Service			
Principal Retirement	-	33,921	33,921
Interest and Fiscal Charges	-	17,449	17,449
Total Expenditures	4,578,402	793,905	5,372,307
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,613)	(451,245)	(611,858)
Other Financing Sources (Uses)			
Disposal of Capital Assets	5,218	-	5,218
Transfers In	80,000	166,588	246,588
Transfers Out	(157,231)	(59,357)	(216,588)
	(72,013)	107,231	35,218
Net Change in Fund Balances	(232,626)	(344,014)	(576,640)
Fund Balances - Beginning	1,578,353	1,133,339	2,711,692
Fund Balances - Ending	1,345,727	789,325	2,135,052

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

VILLAGE OF PALOS PARK, 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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (576,640)

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	325,884
Depreciation Expense	(185,563)
Disposals - Cost	(20,000)
Disposals - Accumulated Depreciation	20,000

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

Change in Deferred Items - IMRF	136,788
Change in Deferred Items - SLEP	77,456
Change in Deferred Items - Police Pension	403,956

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

Additions to Compensated Absences Payable	(44,677)
Additions to Net Pension Liability - IMRF	(206,619)
Additions to Net Pension Liability - SLEP	(32,368)
Additions to Net Pension Liability - Police Pension	(838,966)
Retirement of Debt	33,921

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

496

Changes in Net Position of Governmental Activities

(906,332)

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

VILLAGE OF PALOS PARK, ILLINOIS

**Statement of Net Position - Proprietary Funds
April 30, 2016**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor Commuter Parking Lot	
ASSETS					
Current Assets					
Cash and Investments	\$ 1,898,560	893,120	-	62,468	2,854,148
Receivables - Net of Allowances					
Accounts	230,419	49,427	58,745	-	338,591
Prepays	4,774	4,178	-	895	9,847
Total Current Assets	2,133,753	946,725	58,745	63,363	3,202,586
Noncurrent Assets					
Capital Assets					
Nondepreciable	20,000	-	-	-	20,000
Depreciable	18,582,604	17,364,084	-	-	35,946,688
Accumulated Depreciation	(8,204,218)	(8,470,095)	-	-	(16,674,313)
Total Noncurrent Assets	10,398,386	8,893,989	-	-	19,292,375
Total Assets	12,532,139	9,840,714	58,745	63,363	22,494,961
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	88,021	30,050	-	-	118,071
Total Assets and Deferred Outflows of Resources	12,620,160	9,870,764	58,745	63,363	22,613,032

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

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor	
				Commuter Parking Lot	
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 89,361	29,351	27,360	2,101	148,173
Accrued Payroll	13,529	4,703	-	-	18,232
Accrued Interest	14,316	1,925	-	-	16,241
Due to Other Funds	-	-	34,342	-	34,342
Current Portion of					
Long-Term Debt	149,839	40,223	-	-	190,062
Total Current Liabilities	267,045	76,202	61,702	2,101	407,050
Noncurrent Liabilities					
Compensated Absences Payable	21,460	7,948	-	-	29,408
Net Pension Liability - IMRF	263,617	89,998	-	-	353,615
General Obligation Bonds	1,387,292	117,708	-	-	1,505,000
Special Assessment Bonds Payable	56,942	-	-	-	56,942
Total Noncurrent Liabilities	1,729,311	215,654	-	-	1,944,965
Total Liabilities	1,996,356	291,856	61,702	2,101	2,352,015
DEFERRED INFLOWS OF RESOURCES					
Deferred Items - IMRF	5,023	1,715	-	-	6,738
Total Liabilities and Deferred Inflows of Resources	2,001,379	293,571	61,702	2,101	2,358,753
NET POSITION					
Net Investment in Capital Assets	8,809,678	8,738,045	-	-	17,547,723
Unrestricted	1,809,103	839,148	(2,957)	61,262	2,706,556
Total Net Position	10,618,781	9,577,193	(2,957)	61,262	20,254,279

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

VILLAGE OF PALOS PARK, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2016**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor Commuter Parking Lot	
Operating Revenues					
Charges for Services	\$ 1,871,473	469,481	339,892	97,095	2,777,941
Sale of Water Meters	5,190	-	-	-	5,190
Miscellaneous	2,112	989	-	-	3,101
Total Operating Revenues	1,878,775	470,470	339,892	97,095	2,786,232
Operating Expenses					
Personnel	493,316	172,379	-	-	665,695
Commodities	98,028	22,402	-	22,159	142,589
Water Purchases	663,441	51,864	-	-	715,305
Services	219,842	-	316,838	59,531	596,211
Non-Capital Assets	62,991	32,979	-	-	95,970
Depreciation	483,713	483,807	-	-	967,520
Total Operating Expenses	2,021,331	763,431	316,838	81,690	3,183,290
Operating Income (Loss)	(142,556)	(292,961)	23,054	15,405	(397,058)
Nonoperating Revenues (Expenses)					
Interest Income	409	155	-	187	751
Rental Income	29,392	-	-	-	29,392
Tap-On Fees	2,803	6,373	-	-	9,176
Interest Expense	(85,921)	(7,683)	-	-	(93,604)
	(53,317)	(1,155)	-	187	(54,285)
Income (Loss) Before Transfers	(195,873)	(294,116)	23,054	15,592	(451,343)
Transfers In	-	30,000	-	-	30,000
Transfers Out	(30,000)	-	(30,000)	-	(60,000)
	(30,000)	30,000	(30,000)	-	(30,000)
Change in Net Position	(225,873)	(264,116)	(6,946)	15,592	(481,343)
Net Position - Beginning as Restated	10,844,654	9,841,309	3,989	45,670	20,735,622
Net Position - Ending	10,618,781	9,577,193	(2,957)	61,262	20,254,279

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

VILLAGE OF PALOS PARK, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended April 30, 2016**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor Commuter Parking Lot	
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 1,917,609	482,745	339,217	97,035	2,836,606
Payments to Suppliers	(1,159,074)	(131,985)	(309,217)	(80,830)	(1,681,106)
Payments to Employees	(352,892)	(123,264)	-	-	(476,156)
	<u>405,643</u>	<u>227,496</u>	<u>30,000</u>	<u>16,205</u>	<u>679,344</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	-	30,000	-	-	30,000
Transfers Out	(30,000)	-	(30,000)	-	(60,000)
	<u>(30,000)</u>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(46,410)	(86,252)	-	-	(132,662)
Principal Retirement	(140,531)	(41,160)	-	-	(181,691)
Interest Expense	(85,921)	(7,683)	-	-	(93,604)
	<u>(272,862)</u>	<u>(135,095)</u>	<u>-</u>	<u>-</u>	<u>(407,957)</u>
Cash Flows from Investing Activities					
Interest Income	409	155	-	187	751
Net Change in Cash and Cash Equivalents	<u>103,190</u>	<u>122,556</u>	<u>-</u>	<u>16,392</u>	<u>242,138</u>
Cash and Cash Equivalents - Beginning	<u>1,795,370</u>	<u>770,564</u>	<u>-</u>	<u>46,076</u>	<u>2,612,010</u>
Cash and Cash Equivalents - Ending	<u>1,898,560</u>	<u>893,120</u>	<u>-</u>	<u>62,468</u>	<u>2,854,148</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(142,556)	(292,961)	23,054	15,405	(397,058)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	483,713	483,807	-	-	967,520
Other Income (Expense)	54,002	13,818	-	-	67,820
(Increase) Decrease in Current Assets	(15,168)	(1,543)	(675)	(60)	(17,446)
Increase (Decrease) in Current Liabilities	25,652	24,375	7,621	860	58,508
Net Cash Provided by Operating Activities	<u>405,643</u>	<u>227,496</u>	<u>30,000</u>	<u>16,205</u>	<u>679,344</u>

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

VILLAGE OF PALOS PARK, ILLINOIS

**Statement of Fiduciary Net Position
April 30, 2016**

	Pension Trust	
	Police Pension	Agency
ASSETS		
Cash and Cash Equivalents	\$ 38,255	2,351,704
Investments		
U.S. Government and Agency Obligations	1,054,013	-
Municipal Bonds	200,815	-
Corporate Bonds	844,616	-
Mutual Funds	372,909	-
Receivables		
Accrued Interest	22,442	-
Total Assets	2,533,050	<u>2,351,704</u>
LIABILITIES		
Due to Bondholders	-	<u>2,351,704</u>
NET POSITION		
Net Position Restricted for Pensions	<u>2,533,050</u>	

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

VILLAGE OF PALOS PARK, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2016**

	<u>Pension Trust Police Pension</u>
Additions	
Contributions - Employer	\$ 200,000
Contributions - Plan Members	74,670
Total Contributions	<u>274,670</u>
Investment Earnings	
Interest Earned	58,215
Net Change in Fair Value	-
	<u>58,215</u>
Less Investment Expenses	<u>(9,178)</u>
Net Investment Income	<u>49,037</u>
Total Additions	<u>323,707</u>
Deductions	
Administration	1,642
Benefits and Refunds	<u>118,504</u>
Total Deductions	<u>120,146</u>
Change in Fiduciary Net Position	203,561
Net Position - Beginning	<u>2,329,489</u>
Net Position - Ending	<u><u>2,533,050</u></u>

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Palos Park, Illinois (the Village), is a non-home rule village incorporated in 1914. The Village Board is composed of the Mayor and four commissioners which form the legislative branch of the Village. The Village provides a wide range of general municipal services including police protection, crime prevention, community planning and zoning, recreation, building inspection and safety, street building and maintenance, traffic control, water and sewer service, and commuter parking.

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

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government: Village of Palos Park

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

Police Pension Employees Retirement System

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's public safety, public works, building and public grounds, culture and recreation, and general administrative services are classified as governmental activities. The Village's water, sewer maintenance, refuse and recycling, and commuter parking lot services are classified as business-type activities.

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

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

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 Village does not 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 Village as an entity and the change in the Village's net position resulting from the current year's activities.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that 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.

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 Village 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 Village or meets the following criteria:

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

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

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

Governmental Funds

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

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

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

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 Village maintains three capital projects funds. The Village maintains two nonmajor capital projects funds.

Proprietary Funds

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

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (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 Village maintains four enterprise funds. The Water Fund, a major fund, is used to account for the provisions of water to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection. The Sewer Maintenance Fund, a major fund, is used to account for the provisions of sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection. The Refuse and Recycling Fund, also a major fund, is used to account for the provisions of refuse and recycling services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

Fiduciary Funds

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

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

Agency funds are used to account for assets held by the Village in a purely custodial capacity. The Special Assessment Funds are used to account for the accumulation of resources and payment of principal and interest on non-commitment special assessment bonds.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

All proprietary 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.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, 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.

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

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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 charges for services as their major receivables.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. 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/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. 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. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$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. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. 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.

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	40 Years
Vehicles and Equipment	5 Years
Water and Sewer Distribution System	40 Years

Compensated Absences

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

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

Net Position

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

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

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

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

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that in Enterprise Funds, capital additions and debt principal payments are budgeted, while depreciation is not. Annual appropriated budgets are adopted (at the fund level) for the general, special revenue, capital projects, enterprise, and pension trust funds. All annual appropriations lapse at fiscal year end.

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

- All departments of the Village submit requests for budgets to the Village Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past two years, current year estimates and requested budget for the next fiscal year.
- The Village Council adopts a budget, which is the operational plan, and includes a budget for all funds utilized by the Village. The budget is presented in these financial statements. The Exaction Fee and Fine Arts Funds are not budgeted.
- The Budgets Ordinance, based on the budget is published for public hearing to obtain taxpayer comment. The budgets ordinance serves as a budget authorization.
- The Budgets Ordinance is legally enacted through the passage of an ordinance.
- The Village Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Village Council.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General	\$ 329,998
Capital Improvements	211,697
Refuse and Reclying	16,838
Police Pension	10,091

DEFICIT FUND EQUITY

At year-end, the Refuse and Recycling Fund has deficit fund equity of \$2,957.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

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. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

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

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$1,142,665 and the bank balances totaled \$1,268,533.

Investments. The Village 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
Illinois Funds	\$ 3,519,845	3,519,845	-	-	-
IMET	210,955	210,955	-	-	-
	<u>3,730,800</u>	<u>3,730,800</u>	-	-	-

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure by structuring the portfolio to provide liquidity for short-term and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment policy does not address credit risk. At year-end, the Village's investments in the Illinois Funds and IMET was rated AAAM and AAF, respectively, by Standard & Poor's.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy requires diversification of investment to avoid unreasonable risk. The policy requires that no category of investment should exceed 40% of the total portfolio except for cash equivalents and treasury securities. Further, the portfolio should at no time hold deposits constituting more than 10% of any single financial institution's total deposits. At April 30, 2016, the Village's investment in the Illinois Funds is not in compliance with the guidelines outlined above in the Village's investment policy as it represents 77% of the total cash and investment portfolio.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) or a receipts versus payment (RVP) basis with the underlying investments held by a safekeeping agent designated by the Village and evidenced by safekeeping receipts. The Village's investments in the Illinois Funds and IMET are not subject to custodial credit risk.

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 \$38,225 and the bank balances totaled \$38,225.

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. Treasury/Agency Obligations	\$ 1,054,013	388,755	334,291	330,967	-
Municipal Bonds	200,815	-	146,740	54,075	-
Corporate Bonds	844,616	41,440	633,212	169,964	-
	2,099,444	430,195	1,114,243	555,006	-

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

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 structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in U.S. agency obligations and other highly rated obligations. The U.S. agency obligations are all rated AAA by Standard and Poor’s. The municipal and corporate bonds are rated BB+ to AA+ by Standard and Poor’s or not rated.

Custodial Credit Risk. For deposits, the Fund’s investment policy requires pledging of collateral for all investments in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Fund, an independent third part or the Federal Reserve Bank of Chicago. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For investments, the Fund’s investment policy does not explicitly address this risk. However, there is no exposure to custodial credit risk for investments.

Concentration Risk. The Fund’s investment policy requires diversification of investments to avoid unreasonable risk. In addition, the Fund’s investment policy requires that deposits in the Illinois Funds shall not exceed 50% of the total portfolio. The policy provides no other limits on diversification. In addition to the securities and fair values listed above, the Fund also has \$372,909 invested in mutual funds. The Fund does not have any investments over five percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations).

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	88.5%	5.3%-6.5%
Equities	10.0%	3.8%-7.8%
Cash and Cash Equivalents	1.5%	0.0%

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

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 55%. 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 2016 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, 2016 are listed in the table above.

Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1 and August 1 during the following year. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances

The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Refuse and Recycling	<u>\$ 34,342</u>

Interfund balances are advances in anticipation of receipts.

Interfund Transfers

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 and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 50,000
General	Refuse and Recycling	30,000
Nonmajor Governmental	General	157,231
Nonmajor Governmental	Nonmajor Governmental	9,357
Sewer Maintenance	Water	<u>30,000</u>
		<u>276,588</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

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	\$ 1,709,988	-	-	1,709,988
Depreciable Capital Assets				
Buildings and Improvements	3,956,462	286,954	-	4,243,416
Vehicles and Equipment	1,009,226	38,930	20,000	1,028,156
	<u>4,965,688</u>	<u>325,884</u>	<u>20,000</u>	<u>5,271,572</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,457,600	106,085	-	1,563,685
Vehicles and Equipment	746,221	79,478	20,000	805,699
	<u>2,203,821</u>	<u>185,563</u>	<u>20,000</u>	<u>2,369,384</u>
Total Net Depreciable Capital Assets	<u>2,761,867</u>	<u>140,321</u>	<u>-</u>	<u>2,902,188</u>
Total Net Capital Assets	<u>4,471,855</u>	<u>140,321</u>	<u>-</u>	<u>4,612,176</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 90,330
Public Safety	30,278
Public Works	48,745
Culture and Recreation	<u>16,210</u>
	<u>185,563</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

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	\$ 20,000	-	-	20,000
Depreciable Capital Assets				
Water Distribution System	18,405,415	46,410	-	18,451,825
Sewer Distribution System	17,277,832	86,252	-	17,364,084
Vehicles	130,779	-	-	130,779
	<u>35,814,026</u>	<u>132,662</u>	<u>-</u>	<u>35,946,688</u>
Less Accumulated Depreciation				
Water Distribution System	7,638,880	470,019	-	8,108,899
Sewer Distribution System	7,982,558	483,807	-	8,466,365
Vehicles	85,355	13,694	-	99,049
	<u>15,706,793</u>	<u>967,520</u>	<u>-</u>	<u>16,674,313</u>
Total Net Depreciable Capital Assets	<u>20,107,233</u>	<u>(834,858)</u>	<u>-</u>	<u>19,272,375</u>
Total Net Capital Assets	<u><u>20,127,233</u></u>	<u><u>(834,858)</u></u>	<u><u>-</u></u>	<u><u>19,292,375</u></u>

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

Water	\$ 483,713
Sewer Maintenance	<u>483,807</u>
	<u><u>967,520</u></u>

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$450,000 General Obligation Alternate Revenue Bonds of 2004, due in annual installments of \$25,000 to \$40,000 plus interest at 1.80% to 4.10% through December 1, 2019.	\$ 180,000	-	35,000	145,000
\$450,000 General Obligation Alternate Revenue Bonds of 2005, due in annual installments of \$25,000 to \$35,000 plus interest at 3.10% to 4.05% through December 1, 2019.	175,000	-	35,000	140,000
\$1,750,000 General Obligation Alternate Revenue Bonds of 2010, due in annual installments of \$60,000 to \$360,000 plus interest at 2.50% to 4.30% through December 1, 2029.	1,435,000	-	70,000	1,365,000
	<u>1,790,000</u>	<u>-</u>	<u>140,000</u>	<u>1,650,000</u>

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS

LONG-TERM DEBT – Continued

Debt Certificates

The Village issues debt certificates to provide funds for the acquisition and construction of major capital facilities. Debt certificates have been issued for both governmental. Debt certificates currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$570,000 Debt Certificates of 2006, due in annual installments of \$15,000 to \$45,000 plus interest at 3.60% to 4.35% through December 1, 2025.	\$ 395,000	-	30,000	365,000

Installment Contract Payable

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

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$37,300 Installment Contract Payable of 2010, due in semi-annual installments of \$4,158 plus interest at 3.99% through October 29, 2015.	\$ 3,921	-	3,921	-
	1,960	-	1,960	-
	1,960	-	1,960	-
	7,841	-	7,841	-

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Special Assessment Bonds Payable

The Village has issued a number of special assessments bonds payable at noted below. The public benefit portion of two of the special assessment bonds payable are payable from the Water Fund. Special Assessment 96-1A has a remaining public benefit portion of \$22,704 at April 30, 2016. Special Assessment 96-1B has a remaining public benefit portion of \$71,948 at April 30, 2016. Debt service to maturity on these two obligations is as follows:

Fiscal Year	Principal	Interest
2017	\$ 37,710	4,670
2018	37,710	2,794
2019	<u>19,232</u>	<u>931</u>
Totals	<u><u>94,652</u></u>	<u><u>8,395</u></u>

Special assessment bonds outstanding as of April 30, 2016 totaled \$1,479,952. Other than the public benefit portion of the special assessments discussed above, these bonds are not an obligation of the Village and are secured by the levy of special assessments on the real property within the special assessment area. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

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	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 197,355	89,354	44,677	242,032	48,406
Net Pension Liability - IMRF	637,561	206,619	-	844,180	-
Net Pension Liability - SLEP	54,717	32,368	-	87,085	-
Net Pension Liability - Police Pension	2,945,349	838,966	-	3,784,315	-
Debt Certificates	395,000	-	30,000	365,000	30,000
Installment Contracts Payable	3,921	-	3,921	-	-
	<u>4,233,903</u>	<u>1,167,307</u>	<u>78,598</u>	<u>5,322,612</u>	<u>78,406</u>
Business-Type Activities					
Compensated Absences	30,969	11,582	5,791	36,760	7,352
Net Pension Liability - IMRF	267,038	86,577	-	353,615	-
General Obligation Bonds	1,790,000	-	140,000	1,650,000	145,000
Installment Contracts Payable	3,920	-	3,920	-	-
Special Assessment Bonds Payable	132,362	-	37,710	94,652	37,710
	<u>2,224,289</u>	<u>98,159</u>	<u>187,421</u>	<u>2,135,027</u>	<u>190,062</u>

For the governmental activities, payments on the compensated absences and the net pension liabilities are made by the General Fund. Payments on the debt certificates are being liquidated by the Land Acquisition Fund. The installment contracts payable are being liquidated by the 1/2% Sales Tax Fund and were paid off in the current year.

Additionally, for business-type activities, the compensated absences and net pension liability are generally liquidated by the Water and Sewer Maintenance Funds. The Water Fund makes payments on the general obligation bonds. The installment contracts payable is being liquidated by the Water and Sewer Maintenance Funds and were paid off in the current year.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Debt		General Obligation	
	Certificates		Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 30,000	16,710	145,000	64,922
2018	30,000	14,188	145,000	60,185
2019	30,000	12,964	150,000	55,037
2020	35,000	11,728	160,000	49,677
2021	35,000	10,272	85,000	43,390
2022	35,000	8,802	90,000	68,996
2023	40,000	7,323	95,000	36,560
2024	40,000	5,617	100,000	32,760
2025	45,000	3,901	105,000	28,760
2026	45,000	1,957	105,000	24,403
2027	-	-	110,000	20,045
2028	-	-	115,000	15,480
2029	-	-	120,000	10,535
2030	-	-	125,000	5,375
Totals	<u>365,000</u>	<u>93,462</u>	<u>1,650,000</u>	<u>516,125</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2015	<u>\$ 197,028,709</u>
Legal Debt Limit - 8.625% of Assessed Value	16,993,726
Amount of Debt Applicable to Limit	<u>365,000</u>
Legal Debt Margin	<u><u>16,628,726</u></u>

NET POSITION/FUND BALANCE

Net Position Restatement

Beginning net position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	(Decrease)
Govenmental Activities	\$ 6,585,318	3,297,162	(3,288,156)
Business-Type Activities	20,948,653	20,735,622	(213,031)
Water Fund	11,003,467	10,844,654	(158,813)
Sewer Maintenance Fund	9,895,527	9,841,309	(54,218)

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2016:

Governmental Activities

Capital Assets - Net of Accumulated Depreciation \$ 4,612,176

Less Capital Related Debt:

Debt Certificates of 2006 (365,000)

Net Investment in Capital Assets 4,247,176

Business-Type Activities

Capital Assets - Net of Accumulated Depreciation 19,292,375

Less Capital Related Debt:

General Obligation Alternate Revenue Bonds of 2004 (145,000)

General Obligation Alternate Revenue Bonds of 2005 (140,000)

General Obligation Alternate Revenue Bonds of 2010 (1,365,000)

Special Assessment Bonds Payable (94,652)

Net Investment in Capital Assets 17,547,723

Fund Balance Classifications

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications – Continued

Assigned Fund Balance. The Village reports assigned fund balance in the Fine Arts and Land Acquisition and Recreation Funds, both nonmajor funds. The Village’s Board/management has assigned these for future fines arts/land acquisition and recreation expenditures based on approved management expenditures as determined through the annual budget process.

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

	General	Nonmajor	Totals
Fund Balances			
Nonspendable			
Prepays	\$ 54,283	-	54,283
Restricted			
Special Events	272,798	-	272,798
Beautification	2,542	-	2,542
McCord	984	-	984
Highways and Streets	-	206,501	206,501
Police Forfeiture Programs	-	18,792	18,792
Capital Projects	-	223,963	223,963
Public Infrastructure Improvements	-	310,015	310,015
	<u>276,324</u>	<u>759,271</u>	<u>1,035,595</u>
Assigned			
Fine Arts	-	21,419	21,419
Land Acquisition and Recreation	-	8,635	8,635
	<u>-</u>	<u>30,054</u>	<u>30,054</u>
Unassigned	<u>1,015,120</u>	-	<u>1,015,120</u>
Total Fund Balances	<u>1,345,727</u>	<u>789,325</u>	<u>2,135,052</u>

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

Intergovernmental Risk Management Agency

The Village 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 government’s employees. These risks, along with medical claims for employees and retirees, are provided for through a limited self-insurance program.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Risk Management Agency – Continued

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

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

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Each member assumes the first \$2,500 of each occurrence, and IRMA has self-insurance retentions at various amounts above that level. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in the appropriate funds. The coverages provided by IRMA are generally consistent with the coverages in the prior year.

The Village is exposed to various risks of loss related to illnesses of employees. The Village has purchased commercial insurance for health claim risks. The monthly premiums are accounted for in the general fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years and there has not been any significant decrease in coverage over the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

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

Grants

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Sheriff's Law Enforcement Personnel Fund (SLEP), which is administered by the IMRF; and the Police Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and may be obtained by writing to the Village at 8999 West 123rd Street, Palos Park, Illinois 60464. 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.

Illinois Municipal Retirement (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension Plan) hired in positions that need 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).

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (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.

Sheriff's Law Enforcement Personnel (SLEP), having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earning rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits.

Plan Membership. As of December 31, 2015, the measurement date, the following employees were covered by the benefit terms:

	IMRF	SLEP
Inactive Plan Members Currently Receiving Benefits	26	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	32	-
Active Plan Members	34	1
Total	92	2

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary and SLEP Plan Members are required to contribute 7.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2015 was 12.9% of covered payroll for the Regular Plan and 16.5% for the SLEP Plan.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

IMRF		SLEP	
Actuarial Valuation Date	12/31/2015	Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal	Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market	Asset Valuation Method	Market
Actuarial Assumptions		Actuarial Assumptions	
Interest Rate	7.47%	Interest Rate	7.44%
Salary Increases	3.75% to 14.50%	Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	3.50%	Cost of Living Adjustments	3.50%
Inflation	2.75%	Inflation	2.75%

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

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements
April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Discount Rate

A Single Discount Rate of 7.47% and 7.44% was used to measure the total pension liability for the Regular Plan and the SLEP Plan, respectively. 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 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47% and 7.44% for the Regular Plan and the SLEP Plan, respectively.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47% and 7.44% for the Regular Plan and the SLEP Plan, respectively, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	IMRF		
	Current		
	1% Decrease (6.47%)	Discount Rate (7.47%)	1% Increase (8.47%)
Net Pension Liability	\$ 2,107,041	1,197,795	443,258

	SLEP		
	Current		
	1% Decrease (6.44%)	Discount Rate (7.44%)	1% Increase (8.44%)
Net Pension Liability	\$ 181,490	87,085	8,084

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Changes in the Net Pension Liability

	IMRF			SLEP		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)	Total Pension Liability (1)	Plan Fiduciary Net Position (2)	Net Pension Liability (1) - (2)
Balances at December 31, 2014	\$ 6,984,598	6,079,999	904,599	498,443	443,726	54,717
Changes for the Year:						
Service Cost	157,935	-	157,935	22,925	-	22,925
Interest on the Total Pension Liability	513,332	-	513,332	38,090	-	38,090
Difference Between Expected and Actual Experience of the Total Pension Liability	(31,948)	-	(31,948)	82,166	-	82,166
Changes of Assumptions	8,402	-	8,402	2,613	-	2,613
Contributions - Employer	-	183,004	(183,004)	-	19,269	(19,269)
Contributions - Employees	-	72,845	(72,845)	-	8,738	(8,738)
Net Investment Income	-	30,035	(30,035)	-	2,289	(2,289)
Benefit Payments, including Refunds of Employee Contributions	(401,684)	(401,684)	-	-	-	-
Other (Net Transfer)	-	68,641	(68,641)	-	83,130	(83,130)
Net Changes	246,038	(47,158)	293,196	145,794	113,426	32,368
Balances at December 31, 2015	7,230,636	6,032,841	1,197,795	644,237	557,152	87,085

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

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

For the year ended April 30, 2016, the Village recognized pension expense of \$99,082 for the regular plan and a pension revenue of \$45,008 for the SLEP Plan. At April 30, 2016, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	IMRF			SLEP		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(22,822)	(22,822)	66,485	-	66,485
Change in Assumptions	6,002	-	6,002	2,114	-	2,114
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	338,455	-	338,455	28,126	-	28,126
Pension Contributions Made Subsequent to the Measurement Date	55,482	-	55,482	6,165	-	6,165
Total Deferred Amounts Related to IMRF/SLEP	399,939	(22,822)	377,117	102,890	-	102,890

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	IMRF	SLEP
	Net Deferred Outflows of Resources	Net Deferred Outflows of Resources
2017	\$ 133,369	29,377
2018	77,888	23,212
2019	81,247	23,212
2020	84,613	23,210
2021	-	3,879
Thereafter	-	-
Total	377,117	102,890

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

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

Plan Membership. At April 30, 2016, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>10</u>
Total	<u><u>13</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.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 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 Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2016, the Village's contribution was 26.2% of covered payroll.

Concentrations. At year end, the Pension Plan has no investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2016, using the following actuarial methods and assumptions:

Actuarial Valuation Date	4/30/16
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.00%
Salary Increases	5.00%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 CHBCA Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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 Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability	\$ 4,826,286	3,784,315	2,942,477

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2015	\$ 5,274,838	2,329,489	2,945,349
Changes for the Year:			
Service Cost	208,166	-	208,166
Interest on the Total Pension Liability	312,935	-	312,935
Difference Between Expected and Actual Experience of the Total Pension Liability	139,203	-	139,203
Changes of Assumptions	500,727	-	500,727
Contributions - Employer	-	200,000	(200,000)
Contributions - Employees	-	74,670	(74,670)
Net Investment Income	-	49,037	(49,037)
Benefit Payments, including Refunds of Employee Contributions	(118,504)	(118,504)	-
Other (Net Transfer)	-	(1,642)	1,642
Net Changes	1,042,527	203,561	838,966
Balances at April 30, 2016	6,317,365	2,533,050	3,784,315

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2016**

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, 2016, the Village recognized pension expense of \$435,010. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 114,781	-	114,781
Change in Assumptions	412,880	-	412,880
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	76,295	-	76,295
Total Deferred Amounts Related to Police Pension	<u>603,956</u>	-	<u>603,956</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
2017	\$ 131,343
2018	131,343
2019	131,343
2020	131,342
2021	78,585
Thereafter	<u>-</u>
Total	<u>603,956</u>

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. There has been 0% utilization; therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any post-employment benefit liability as of April 30, 2016.

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
 - Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
 - Police Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
 - Police Pension Fund

- Schedule of Investment Returns
 - Police Pension Fund

- Budgetary Comparison Schedule
 - General Fund

Notes to the Required Supplementary Information

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

VILLAGE OF PALOS PARK, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2016**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 183,004	\$ 183,004	\$ -	\$ 1,419,733	12.9%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.0%
Salary Increases	4.40% to 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF PALOS PARK, ILLINOIS

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2016**

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 19,270	\$ 19,270	\$ -	\$ 116,504	16.5%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.0%
Salary Increases	4.40% to 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2016**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 175,000	\$ 175,000	\$ -	\$ 645,111	27.1%
2016	270,351	200,000	(70,351)	762,167	26.2%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	April 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	Market
Inflation	2.5%
Salary Increases	5.0
Investment Rate of Return	6.0
Retirement Age	50-70
Mortality	RP 2014 projected to 2016

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF PALOS PARK, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2016

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 157,935
Interest	513,332
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(31,948)
Change of Assumptions	8,402
Benefit Payments, Including Refunds of Member Contributions	<u>(401,684)</u>
Net Change in Total Pension Liability	246,038
Total Pension Liability - Beginning	<u>6,984,598</u>
Total Pension Liability - Ending	<u><u>7,230,636</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 183,004
Contributions - Members	72,845
Net Investment Income	30,035
Benefit Payments, Including Refunds of Member Contributions	(401,684)
Administrative Expense	<u>68,641</u>
Net Change in Plan Fiduciary Net Position	(47,158)
Plan Net Position - Beginning	<u>6,079,999</u>
Plan Net Position - Ending	<u><u>6,032,841</u></u>
Employer's Net Pension Obligation	<u><u>\$ 1,197,795</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.4%
Covered-Employee Payroll	\$ 1,419,733
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	84.4%

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF PALOS PARK, ILLINOIS

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2016**

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 22,925
Interest	38,090
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	82,166
Change of Assumptions	2,613
Benefit Payments, Including Refunds of Member Contributions	<u>-</u>
Net Change in Total Pension Liability	145,794
Total Pension Liability - Beginning	<u>498,443</u>
Total Pension Liability - Ending	<u><u>644,237</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 19,269
Contributions - Members	8,738
Net Investment Income	2,289
Benefit Payments, Including Refunds of Member Contributions	-
Administrative Expense	<u>83,130</u>
Net Change in Plan Fiduciary Net Position	113,426
Plan Net Position - Beginning	<u>443,726</u>
Plan Net Position - Ending	<u><u>557,152</u></u>
Employer's Net Pension Obligation	<u><u>\$ 87,085</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.5%
Covered-Employee Payroll	\$ 116,504
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	74.7%

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2016**

	2015	2016
Total Pension Liability		
Service Cost	\$ 198,253	208,166
Interest	290,630	312,935
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	139,203
Change of Assumptions	-	500,727
Benefit Payments, Including Refunds of Member Contributions	(115,751)	(118,504)
Net Change in Total Pension Liability	373,132	1,042,527
Total Pension Liability - Beginning	4,901,706	5,274,838
Total Pension Liability - Ending	5,274,838	6,317,365
Plan Fiduciary Net Position		
Contributions - Employer	175,000	200,000
Contributions - Members	63,574	74,670
Net Investment Income	75,014	49,037
Benefit Payments, Including Refunds of Member Contributions	(115,751)	(118,504)
Administrative Expense	-	(1,642)
Net Change in Plan Fiduciary Net Position	197,837	203,561
Plan Net Position - Beginning	2,131,652	2,329,489
Plan Net Position - Ending	2,329,489	2,533,050
Employer's Net Pension Liability	2,945,349	3,784,315
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.2%	40.1%
Covered-Employee Payroll	\$ 645,111	762,167
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	456.6%	496.5%

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2016**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	3.62%
2016	2.07%

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Revenues			
Taxes	\$ 2,145,427	2,026,927	2,015,456
Intergovernmental	1,154,853	1,141,231	1,141,071
Licenses and Permits	444,600	503,771	500,102
Charges for Services	145,200	163,568	144,435
Fines and Forfeitures	92,500	100,547	97,042
Interest	600	4,187	2,863
Miscellaneous	390,734	477,558	402,509
Total Revenues	4,373,914	4,417,789	4,303,478
Expenditures			
General Government	578,861	870,967	567,323
Public Safety	2,132,291	2,208,292	2,036,386
Public Works	550,330	509,177	529,305
Building and Public Grounds	438,116	453,257	409,638
Culture and Recreation	503,581	503,366	471,341
Capital Outlay	45,225	33,343	47,301
Debt Service			
Principal Retirement	-	-	300,000
Interest and Fiscal Charges	-	-	12,565
Total Expenditures	4,248,404	4,578,402	4,373,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	125,510	(160,613)	(70,381)
Other Financing Sources (Uses)			
Transfers In	80,000	80,000	85,000
Disposal of Capital Assets	7,500	5,218	-
Transfers Out	(167,366)	(157,231)	(52,510)
	(79,866)	(72,013)	32,490
Net Change in Fund Balance	<u>45,644</u>	(232,626)	(37,891)
Fund Balance - Beginning		<u>1,578,353</u>	<u>1,616,244</u>
Fund Balance - Ending		<u>1,345,727</u>	<u>1,578,353</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
- Budgetary Comparison Schedule – Nonmajor Enterprise Fund
- Budgetary Comparison Schedule – Pension Trust Fund
- Combining Statement – Agency Funds

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

Special revenue funds are used to 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.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided from the Village's share of gasoline taxes.

Police Forfeiture Fund

The Police Forfeiture Fund is used to account for seized assets confiscated by the Palos Park Police Department. These resources, which are restricted by federal regulations, can help finance specific police expenditures related to education, interdiction and training focused on the reduction of substance abuse.

Exaction Fee Fund

The Exaction Fee Fund is used to account for charges for construction (and the impact of construction) that offset costs carried by the Village and other taxing bodies because of increased demand for services. Exaction fees received are intended to be spent on debt service related to transportation or recreation improvements. The Village, however, also receives exaction fees to support both grammar and high schools and the library. Fees received are forwarded directly to these organizations annually.

Fine Arts Fund

The Fine Arts Fund is used to account for a Fine Arts Committee, which is generally self-sufficient in operation. Fine Arts activities provide residents with meaningful, celebrated events related to the Arts and Humanities.

Land Acquisition and Recreation Fund

The Land Acquisition and Recreation Fund is used to account for the acquisition and preservation of open lands that enhance the natural setting.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUND

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by proprietary funds.

Capital Improvements Fund

The Capital Improvements Fund is used to account for significant capital improvements such as street reconstruction, central water and sewer undertakings, Village Green and municipal building renovations, and other major projects that enhance community life within the Village and surrounds.

1/2% Sales Tax Fund

The 1/2% Sales Tax Fund is used to account for the proceeds of non-home rule sales tax.

ENTERPRISE FUNDS

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

Water Fund

The Water Fund is used to account for the provisions of water to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

Sewer Maintenance Fund

The Sewer Maintenance Fund is used to account for the provisions of sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS – Continued

Refuse and Recycling Fund

The Refuse and Recycling Fund is used to account for the provisions of refuse and recycling services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

Commuter Parking Lot Fund

The Commuter Parking Lot Fund is used to account for the provisions of public parking services. All activities are accounted for in this fund, including, but not limited to, administration, operations, capital construction, financing, and revenue collection.

TRUST AND AGENCY FUNDS

PENSION TRUST FUND

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.

AGENCY FUNDS

Special Assessment Funds

The Special Assessment Funds are used to account for the accumulation of resources and payment of principal and interest on non-commitment special assessment bonds.

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Taxes			
Property Taxes	\$ 1,376,645	1,311,982	1,283,415
Utility Taxes	520,500	442,551	479,923
Other Taxes	248,282	272,394	252,118
Total Taxes	2,145,427	2,026,927	2,015,456
Intergovernmental			
State Income Tax	479,853	516,556	474,689
Sales Tax	675,000	624,675	666,363
Other	-	-	19
Total Intergovernmental	1,154,853	1,141,231	1,141,071
Licenses and Permits	444,600	503,771	500,102
Charges for Services	145,200	163,568	144,435
Fines and Forfeitures	92,500	100,547	97,042
Interest	600	4,187	2,863
Miscellaneous			
Fees by Agreement	267,284	269,201	262,840
Miscellaneous	123,450	208,357	139,669
Total Miscellaneous	390,734	477,558	402,509
Total Revenues	4,373,914	4,417,789	4,303,478

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended April 30, 2016

(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)

	4/30/16			4/30/15 Actual
	Original and Final Budget	Actual		
General Government				
Administration				
Wages	\$ 282,391	283,708		281,794
Benefits	86,227	83,485		76,631
Insurance	3,675	4,502		4,102
Legal Fees	46,000	63,482		56,779
Consultants, Engineers and Planners	5,000	17,608		180
Other Contractual Services	40,750	46,275		44,671
Commodities	56,300	45,039		56,315
Public Affairs				
Insurance	350	400		871
Legal Fees	250	290,652		156
Consultants, Engineers and Planners	250	-		-
Other Contractual Services	11,200	7,162		10,319
Commodities	6,600	7,845		3,006
Finance				
Wages	101,100	80,897		79,578
Benefits	28,206	22,036		22,907
Insurance	1,225	1,260		3,047
Legal Fees	600	-		460
Consultants, Engineers and Planners	39,600	42,111		47,987
Commodities	4,575	1,640		4,768
Other				
Other Contractual Services	5,400	5,854		2,586
Commodities	3,350	11,199		6,166
	<u>723,049</u>	<u>1,015,155</u>		<u>702,323</u>
Less Administrative Charges	(144,188)	(144,188)		(135,000)
Total General Government	<u>578,861</u>	<u>870,967</u>		<u>567,323</u>
Public Safety				
Wages	1,272,371	1,372,238		1,199,813
Benefits	495,120	511,200		441,593
Insurance	14,350	26,274		45,524
Legal Fees	42,000	23,563		43,474

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2016

(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Public Safety - Continued			
Other Contractual Services	\$ 175,600	185,096	198,510
Commodities	132,850	89,921	107,472
Total Public Safety	2,132,291	2,208,292	2,036,386
Public Works			
Wages	249,167	228,011	235,777
Benefits	120,463	91,699	104,794
Insurance	3,850	9,743	11,051
Legal Fees	50	1,686	714
Consultants, Engineers and Planners	2,000	-	-
Other Contractual Services	133,900	144,796	139,477
Commodities	40,900	33,242	37,492
Total Public Works	550,330	509,177	529,305
Building and Public Grounds			
Building			
Wages	168,893	170,786	163,106
Benefits	45,148	42,506	42,738
Insurance	1,925	1,980	4,789
Legal Fees	18,000	32,165	29,686
Consultants, Engineers and Planners	21,000	18,891	28,398
Other Contractual Services	24,800	19,373	15,900
Commodities	9,150	5,494	9,615
Public Grounds			
Insurance	1,050	1,080	-
Other Contractual Services	135,850	146,814	111,555
Commodities	12,300	14,168	3,851
Total Building and Public Grounds	438,116	453,257	409,638

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2016

(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)

	4/30/16		4/30/15
	Original Budget	Actual	Actual
Culture and Recreation			
Recreation			
Wages	\$ 229,779	232,614	172,772
Benefits	79,077	66,985	61,970
Insurance	2,800	3,446	6,966
Legal Fees	150	226	321
Other Contractual Services	80,650	100,715	87,131
Commodities	45,475	34,285	46,003
Festivals			
Other Contractual Services	55,000	57,222	87,635
Commodities	10,650	7,873	8,543
Total Culture and Recreation	503,581	503,366	471,341
Capital Outlay			
General Government	12,150	7,552	22,687
Public Works	6,500	-	-
Recreation	26,575	25,791	24,614
Total Capital Outlay	45,225	33,343	47,301
Debt Service			
Principal Retirement	-	-	300,000
Interest and Fiscal Charges	-	-	12,565
Total Debt Service	-	-	312,565
Total Expenditures	4,248,404	4,578,402	4,373,859

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2016

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 245,000	495,281	740,281
Receivables - Net of Allowances			
Other Taxes	-	41,512	41,512
Due from Other Governments	11,031	-	11,031
Total Assets	256,031	536,793	792,824
LIABILITES			
Accounts Payable	684	2,815	3,499
FUND BALANCES			
Restricted	225,293	533,978	759,271
Assigned	30,054	-	30,054
Total Fund Balances	255,347	533,978	789,325
Total Liabilities and Fund Balances	256,031	536,793	792,824

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2016**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ -	165,167	165,167
Intergovernmental	123,981	-	123,981
Fines and Forfeitures	5,714	-	5,714
Interest	448	908	1,356
Miscellaneous	46,442	-	46,442
Total Revenues	176,585	166,075	342,660
Expenditures			
Public Safety	24,709	-	24,709
Public Works	72,348	-	72,348
Building and Grounds	-	235,559	235,559
Culture and Recreation	43,330	-	43,330
Capital Outlay	140,579	226,010	366,589
Debt Service			
Principal Retirement	30,000	3,921	33,921
Interest and Fiscal Charges	17,366	83	17,449
Total Expenditures	328,332	465,573	793,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,747)	(299,498)	(451,245)
Other Financing Sources (Uses)			
Transfers In	46,588	120,000	166,588
Transfers Out	(59,357)	-	(59,357)
	(12,769)	120,000	107,231
Net Change in Fund Balances	(164,516)	(179,498)	(344,014)
Fund Balances - Beginning	419,863	713,476	1,133,339
Fund Balances - Ending	255,347	533,978	789,325

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2016

	Motor Fuel Tax	Police Forfeiture	Exaction Fee	Fine Arts	Land Acquisition and Recreation	Totals
ASSETS						
Cash and Investments	\$ 196,154	18,792	-	21,419	8,635	245,000
Due from Other Governments	11,031	-	-	-	-	11,031
Total Assets	207,185	18,792	-	21,419	8,635	256,031
LIABILITIES						
Accounts Payable	684	-	-	-	-	684
FUND BALANCES						
Restricted	206,501	18,792	-	-	-	225,293
Assigned	-	-	-	21,419	8,635	30,054
Total Fund Balances	206,501	18,792	-	21,419	8,635	255,347
Total Liabilities and Fund Balances	207,185	18,792	-	21,419	8,635	256,031

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2016**

	Motor Fuel Tax	Police Forfeiture	Exaction Fee	Fine Arts	Land Acquisition and Recreation	Totals
Revenues						
Intergovernmental	\$ 123,981	-	-	-	-	123,981
Fines and Forfeitures	-	5,714	-	-	-	5,714
Interest	244	200	-	4	-	448
Miscellaneous	-	2,852	9,357	34,233	-	46,442
Total Revenues	124,225	8,766	9,357	34,237	-	176,585
Expenditures						
Public Safety	-	24,709	-	-	-	24,709
Public Works	72,348	-	-	-	-	72,348
Culture and Recreation	-	-	-	43,330	-	43,330
Capital Outlay	101,500	39,079	-	-	-	140,579
Debt Service						
Principal Retirement	-	-	-	-	30,000	30,000
Interest and Fiscal Charges	-	-	-	-	17,366	17,366
Total Expenditures	173,848	63,788	-	43,330	47,366	328,332
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,623)	(55,022)	9,357	(9,093)	(47,366)	(151,747)
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	46,588	46,588
Transfers Out	-	(50,000)	(9,357)	-	-	(59,357)
	-	(50,000)	(9,357)	-	46,588	(12,769)
Net Change in Fund Balances	(49,623)	(105,022)	-	(9,093)	(778)	(164,516)
Fund Balances - Beginning	256,124	123,814	-	30,512	9,413	419,863
Fund Balances - Ending	206,501	18,792	-	21,419	8,635	255,347

VILLAGE OF PALOS PARK, 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, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15 Actual
	Original and Final Budget	Actual	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 137,782	123,981	145,937
Interest	50	244	40
Total Revenues	<u>137,832</u>	<u>124,225</u>	<u>145,977</u>
Expenditures			
Public Works			
Commodities	128,300	72,348	78,355
Services	5,000	-	-
Capital Outlay	100,000	101,500	95,219
Total Expenditures	<u>233,300</u>	<u>173,848</u>	<u>173,574</u>
Net Change in Fund Balance	<u>(95,468)</u>	(49,623)	(27,597)
Fund Balance - Beginning		<u>256,124</u>	<u>283,721</u>
Fund Balance - Ending		<u>206,501</u>	<u>256,124</u>

VILLAGE OF PALOS PARK, ILLINOIS

Police Forfeiture - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Revenues			
Fines and Forfeitures	\$ -	5,714	87,869
Interest	250	200	340
Miscellaneous	-	2,852	-
Total Revenues	250	8,766	88,209
Expenditures			
Public Safety			
Commodities	1,500	7,814	9,887
Services	35,000	16,895	55,622
Capital Outlay	37,100	39,079	38,651
Total Expenditures	73,600	63,788	104,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,350)	(55,022)	(15,951)
Other Financing (Uses)			
Transfers Out	(50,000)	(50,000)	(50,000)
Net Change in Fund Balance	<u>(123,350)</u>	(105,022)	(65,951)
Fund Balance - Beginning		<u>123,814</u>	<u>189,765</u>
Fund Balance - Ending		<u>18,792</u>	<u>123,814</u>

VILLAGE OF PALOS PARK, ILLINOIS

Land Acquisition and Recreation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Revenues			
Intergovernmental	\$ -	-	-
Expenditures			
Debt Service			
Principal Retirement	30,000	30,000	25,000
Interest and Fiscal Charges	17,366	17,366	18,349
Total Expenditures	47,366	47,366	43,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,366)	(47,366)	(43,349)
Other Financing Sources			
Transfers In	47,366	46,588	43,349
Net Change in Fund Balance	-	(778)	-
Fund Balance - Beginning		9,413	9,413
Fund Balance - Ending		8,635	9,413

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Balance Sheet

April 30, 2016

	<u>Capital</u>	<u>1/2% Sales</u>	
	<u>Improvements</u>	<u>Tax</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 223,963	271,318	495,281
Receivables - Net of Allowances			
Sales Tax	-	41,512	41,512
Total Assets	<u>223,963</u>	<u>312,830</u>	<u>536,793</u>
LIABILITES			
Accounts Payable	-	2,815	2,815
FUND BALANCES			
Restricted	<u>223,963</u>	<u>310,015</u>	<u>533,978</u>
Total Liabilities and Fund Balances	<u>223,963</u>	<u>312,830</u>	<u>536,793</u>

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2016**

	Capital Improvements	1/2% Sales Tax	Totals
Revenues			
Taxes	\$ -	165,167	165,167
Interest	486	422	908
Total Revenues	<u>486</u>	<u>165,589</u>	<u>166,075</u>
Expenditures			
Building and Grounds	231,697	3,862	235,559
Capital Outlay	-	226,010	226,010
Debt Service			
Principal Retirement	-	3,921	3,921
Interest and Fiscal Charges	-	83	83
Total Expenditures	<u>231,697</u>	<u>233,876</u>	<u>465,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(231,211)	(68,287)	(299,498)
Other Financing Sources			
Transfers In	<u>20,000</u>	<u>100,000</u>	<u>120,000</u>
Net Change in Fund Balances	(211,211)	31,713	(179,498)
Fund Balances - Beginning	<u>435,174</u>	<u>278,302</u>	<u>713,476</u>
Fund Balances - Ending	<u><u>223,963</u></u>	<u><u>310,015</u></u>	<u><u>533,978</u></u>

VILLAGE OF PALOS PARK, ILLINOIS

Capital Improvements - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Revenues			
Interest	\$ -	486	59
Expenditures			
Building and Grounds	20,000	231,697	37,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(231,211)	(37,166)
Other Financing Sources			
Transfers In	20,000	20,000	40,000
Net Change in Fund Balance	<u>-</u>	(211,211)	2,834
Fund Balance - Beginning		<u>435,174</u>	<u>432,340</u>
Fund Balance - Ending		<u>223,963</u>	<u>435,174</u>

VILLAGE OF PALOS PARK, ILLINOIS

1/2% Sales Tax - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Revenues			
Taxes	\$ 176,540	165,167	170,233
Interest	60	422	59
Total Revenues	<u>176,600</u>	<u>165,589</u>	<u>170,292</u>
Expenditures			
Building and Grounds			
Services	4,500	1,000	-
Commodities	5,100	2,862	1,158
Capital Outlay	358,700	226,010	249,453
Debt Service			
Principal Retirement	4,158	3,921	7,910
Interest and Fiscal Charges	83	83	406
Total Expenditures	<u>372,541</u>	<u>233,876</u>	<u>258,927</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,941)	(68,287)	(88,635)
Other Financing Sources			
Transfers In	<u>100,000</u>	<u>100,000</u>	-
Net Change in Fund Balance	<u>(95,941)</u>	31,713	(88,635)
Fund Balance - Beginning		<u>278,302</u>	<u>366,937</u>
Fund Balance - Ending		<u>310,015</u>	<u>278,302</u>

VILLAGE OF PALOS PARK, ILLINOIS

Water - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Operating Revenues			
Charges for Services	\$ 1,765,020	1,871,473	1,754,747
Sale of Water Meters	3,500	5,190	5,484
Miscellaneous	1,400	2,112	23,112
Total Operating Revenues	<u>1,769,920</u>	<u>1,878,775</u>	<u>1,783,343</u>
Operating Expenses			
Personnel	499,670	493,316	449,812
Commodities	208,100	98,028	180,573
Water Purchases	650,000	663,441	624,729
Services	268,000	219,842	268,870
Capital Outlay	163,000	109,401	112,156
Total Operating Expenses	<u>1,788,770</u>	<u>1,584,028</u>	<u>1,636,140</u>
Operating Income	<u>(18,850)</u>	<u>294,747</u>	<u>147,203</u>
Nonoperating Revenues (Expenses)			
Interest Income	-	409	955
Rental Income	47,927	29,392	25,423
Tap-On Fees	6,000	2,803	5,000
Principal Retirement	(140,548)	(140,531)	(140,465)
Interest Expense	(80,201)	(85,921)	(62,589)
	<u>(166,822)</u>	<u>(193,848)</u>	<u>(171,676)</u>
Income (Loss) Before Transfers	<u>(185,672)</u>	<u>100,899</u>	<u>(24,473)</u>
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
Income (Loss) Before GAAP Adjustments	<u>(215,672)</u>	<u>70,899</u>	<u>(54,473)</u>
Principal Retirement		140,531	140,465
Capitalized Assets		46,410	81,449
Depreciation		<u>(483,713)</u>	<u>(482,802)</u>
Change in Net Position		(225,873)	(315,361)
Net Position - Beginning as Restated		<u>10,844,654</u>	<u>11,318,828</u>
Net Position - Ending		<u>10,618,781</u>	<u>11,003,467</u>

VILLAGE OF PALOS PARK, ILLINOIS

Sewer Maintenance - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2016

(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Operating Revenues			
Charges for Services	\$ 527,580	469,481	487,216
Miscellaneous	350	989	9,292
Total Operating Revenues	<u>527,930</u>	<u>470,470</u>	<u>496,508</u>
Operating Expenses			
Personnel	179,274	172,379	149,701
Commodities	71,950	22,402	49,234
Services	181,950	138,116	72,263
Capital Outlay	53,500	32,979	94,499
Total Operating Expenses	<u>486,674</u>	<u>365,876</u>	<u>365,697</u>
Operating Income	<u>41,256</u>	<u>104,594</u>	<u>130,811</u>
Nonoperating Revenues (Expenses)			
Interest Income	-	155	24
Tap-On Fees	-	6,373	-
Principal Retirement	(41,238)	(41,160)	(40,155)
Interest Expense	(7,845)	(7,683)	(8,718)
	<u>(49,083)</u>	<u>(42,315)</u>	<u>(48,849)</u>
Income (Loss) Before Transfers	(7,827)	62,279	81,962
Transfers In	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Income Before GAAP Adjustments	<u>22,173</u>	92,279	111,962
Principal Retirement		41,160	40,155
Capitalized Assets		86,252	75,584
Depreciation		<u>(483,807)</u>	<u>(478,912)</u>
Change in Net Position		(264,116)	(251,211)
Net Position - Beginning as Restated		<u>9,841,309</u>	<u>10,146,738</u>
Net Position - Ending		<u>9,577,193</u>	<u>9,895,527</u>

VILLAGE OF PALOS PARK, ILLINOIS

Refuse and Recycling - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15 Actual
	Original and Final Budget	Actual	
Operating Revenues			
Charges for Services	\$ 330,000	339,892	334,112
Operating Expenses			
Services	300,000	316,838	310,069
Income Before Transfers	30,000	23,054	24,043
Transfers Out	(30,000)	(30,000)	(35,000)
Change in Net Position	-	(6,946)	(10,957)
Net Position - Beginning		3,989	14,946
Net Position - Ending		(2,957)	3,989

VILLAGE OF PALOS PARK, ILLINOIS

Commuter Parking Lot - Nonmajor Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2016
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)**

	4/30/16		4/30/15 Actual
	Original and Final Budget	Actual	
Operating Revenues			
Charges for Services	\$ 90,000	97,095	88,986
Operating Expenses			
Commodities	35,225	22,159	47,215
Services	53,800	59,531	32,989
Capital Outlay	-	-	-
Total Operating Expenses	89,025	81,690	80,204
Operating Income	975	15,405	8,782
Nonoperating Revenues			
Interest Income	100	187	143
Change in Net Position	<u>1,075</u>	15,592	8,925
Net Position - Beginning		45,670	36,745
Net Position - Ending		<u>61,262</u>	<u>45,670</u>

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2016

(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2015)

	4/30/16		4/30/15
	Original and Final Budget	Actual	Actual
Additions			
Contributions - Employer	\$ 200,000	200,000	175,000
Contributions - Plan Members	66,250	74,670	63,574
Total Contributions	<u>266,250</u>	<u>274,670</u>	<u>238,574</u>
Investment Income			
Interest Earned	50,000	58,215	85,375
Net Change in Fair Value	-	-	-
	<u>50,000</u>	<u>58,215</u>	<u>85,375</u>
Less Investment Expenses	(10,000)	(9,178)	(10,361)
Net Investment Income	<u>40,000</u>	<u>49,037</u>	<u>75,014</u>
Total Additions	<u>306,250</u>	<u>323,707</u>	<u>313,588</u>
Deductions			
Administration	-	1,642	-
Benefits and Refunds	110,055	118,504	115,751
Total Deductions	<u>110,055</u>	<u>120,146</u>	<u>115,751</u>
Change in Fiduciary Net Position	<u>196,195</u>	203,561	197,837
Net Position Restricted for Pensions			
Beginning		<u>2,329,489</u>	<u>2,131,652</u>
Ending		<u>2,533,050</u>	<u>2,329,489</u>

VILLAGE OF PALOS PARK, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2016**

See Following Page

VILLAGE OF PALOS PARK, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2016**

	Beginning Balances	Additions	Deductions	Ending Balances
All Funds				
ASSETS				
Cash and Investments	\$ 2,299,229	204,686	152,211	2,351,704
LIABILITIES				
Due to Bondholders	2,299,229	204,686	152,211	2,351,704
Special Assessment Fund #9				
ASSETS				
Cash and Investments	121,292	248	-	121,540
LIABILITIES				
Due to Bondholders	121,292	248	-	121,540
Special Assessment Fund #11				
ASSETS				
Cash and Investments	91,954	188	-	92,142
LIABILITIES				
Due to Bondholders	91,954	188	-	92,142
Special Assessment Fund #12				
ASSETS				
Cash and Investments	182,440	372	-	182,812
LIABILITIES				
Due to Bondholders	182,440	372	-	182,812
Special Assessment Fund #93-1				
ASSETS				
Cash and Investments	559,037	741	-	559,778
LIABILITIES				
Due to Bondholders	559,037	741	-	559,778

	Beginning Balances	Additions	Deductions	Ending Balances
Special Assessment Fund #96-1A				
ASSETS				
Cash and Investments	261,888	203,137	-	465,025
LIABILITIES				
Due to Bondholders	261,888	203,137	-	465,025
Special Assessment Fund #96-1B				
ASSETS				
Cash and Investments	241,499	-	32,039	209,460
LIABILITIES				
Due to Bondholders	241,499	-	32,039	209,460
Special Assessment Fund #13A				
ASSETS				
Cash and Investments	274,939	-	35,527	239,412
LIABILITIES				
Due to Bondholders	274,939	-	35,527	239,412
Special Assessment Fund #13B				
ASSETS				
Cash and Investments	566,180	-	84,645	481,535
LIABILITIES				
Due to Bondholders	566,180	-	84,645	481,535

SUPPLEMENTAL SCHEDULES

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Alternate Revenue Bonds of 2004
April 30, 2016**

Date of Issue	November 4, 2004
Date of Maturity	December 1, 2019
Authorized Issue	\$450,000
Denomination of Bonds	\$5,000
Interest Rates	1.80% - 4.10%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	BNY Mellon, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2017	\$ 35,000	5,752	40,752
2018	35,000	4,405	39,405
2019	35,000	3,040	38,040
2020	40,000	1,640	41,640
	<u>145,000</u>	<u>14,837</u>	<u>159,837</u>

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Alternate Revenue Bonds of 2005
April 30, 2016**

Date of Issue	November 4, 2005
Date of Maturity	December 1, 2019
Authorized Issue	\$450,000
Denomination of Bonds	\$5,000
Interest Rates	3.10% - 4.05%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	BNY Mellon, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2017	\$ 35,000	5,565	40,565
2018	35,000	4,200	39,200
2019	35,000	2,817	37,817
2020	35,000	1,417	36,417
	<u>140,000</u>	<u>13,999</u>	<u>153,999</u>

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Alternate Revenue Bonds of 2010
April 30, 2016**

Date of Issue	May 25, 2010
Date of Maturity	December 1, 2029
Authorized Issue	\$1,750,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% - 4.30%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	BNY Mellon, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2017	\$ 75,000	53,605	128,605
2018	75,000	51,580	126,580
2019	80,000	49,180	129,180
2020	85,000	46,620	131,620
2021	85,000	43,390	128,390
2022	90,000	40,160	130,160
2023	95,000	36,560	131,560
2024	100,000	32,760	132,760
2025	105,000	28,760	133,760
2026	105,000	24,403	129,403
2027	110,000	20,045	130,045
2028	115,000	15,480	130,480
2029	120,000	10,535	130,535
2030	125,000	5,375	130,375
	<u>1,365,000</u>	<u>458,453</u>	<u>1,823,453</u>

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Debt Certificates of 2006

April 30, 2016

Date of Issue	October 26, 2006
Date of Maturity	December 1, 2025
Authorized Issue	\$570,000
Denomination of Bonds	\$5,000
Interest Rates	3.60% - 4.35%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	BNY Mellon, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2017	\$ 30,000	15,397	45,397
2018	30,000	14,188	44,188
2019	30,000	12,964	42,964
2020	35,000	11,728	46,728
2021	35,000	10,272	45,272
2022	35,000	8,802	43,802
2023	40,000	7,323	47,323
2024	40,000	5,617	45,617
2025	45,000	3,901	48,901
2026	45,000	1,957	46,957
	<u>365,000</u>	<u>92,149</u>	<u>457,149</u>

STATISTICAL SECTION

(Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF PALOS PARK, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
April 30, 2016 (Unaudited)

See Following Page

VILLAGE OF PALOS PARK, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years*
April 30, 2016 (Unaudited)**

	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 2,997,346	3,151,308	3,292,655	3,273,865
Restricted	150,945	122,866	127,819	191,552
Unrestricted	1,523,471	1,532,600	1,351,511	1,390,918
Total Governmental Activities Net Position	4,671,762	4,806,774	4,771,985	4,856,335
Business-Type Activities				
Net Investment in Capital Assets	21,036,524	21,036,524	21,891,367	22,337,788
Unrestricted	1,807,134	1,807,134	1,616,093	803,652
Total Business-Type Activities Net Position	22,843,658	22,843,658	23,507,460	23,141,440
Primary Government				
Net Investment in Capital Assets	24,033,870	24,187,832	25,184,022	25,611,653
Restricted	150,945	122,866	127,819	191,552
Unrestricted	3,330,605	3,339,734	2,967,604	2,194,570
Total Primary Government Net Position	27,515,420	27,650,432	28,279,445	27,997,775

Data Source: Audited Financial Statements

2011	2012	2013	2014	2015	2016
3,466,820	3,585,298	3,833,183	4,026,741	4,072,934	1,066,817
841,928	1,202,700	1,300,144	1,285,489	1,370,146	1,035,595
1,719,120	1,584,791	1,427,640	1,312,363	1,142,238	288,418
6,027,868	6,372,789	6,560,967	6,624,593	6,585,318	2,390,830
20,857,596	20,116,269	19,433,528	18,781,396	18,200,951	17,547,723
1,993,789	2,355,704	2,531,844	2,735,861	2,747,702	2,706,556
22,851,385	22,471,973	21,965,372	21,517,257	20,948,653	20,254,279
24,324,416	23,701,567	23,266,711	22,808,137	22,273,885	18,614,540
841,928	1,202,700	1,300,144	1,285,489	1,370,146	1,035,595
3,712,909	3,940,495	3,959,484	4,048,224	3,889,940	2,994,974
28,879,253	28,844,762	28,526,339	28,141,850	27,533,971	22,645,109

VILLAGE OF PALOS PARK, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
April 30, 2016 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	\$ 1,534,581	1,581,849	1,582,287	1,374,284	1,243,199	1,493,087	1,255,154	1,248,865	1,082,473	1,025,499
Public Safety	1,643,589	1,946,030	1,926,213	1,873,156	1,861,070	1,930,667	2,076,275	2,084,277	2,113,476	2,698,289
Public Works	550,148	676,962	530,728	578,961	537,325	637,683	480,874	742,048	1,000,130	1,393,134
Cultural and Recreation	314,641	312,111	331,727	309,727	280,567	296,926	364,858	565,181	483,981	562,906
Solid Waste	235,692	245,040	252,592	263,727	276,741	286,300	-	-	-	-
Interest on Long-Term Debt	115,360	123,393	102,709	76,830	55,392	49,317	43,988	35,460	24,007	16,953
Total Governmental Activities Expenses	4,394,011	4,885,385	4,726,256	4,476,685	4,254,294	4,693,980	4,221,149	4,675,831	4,704,067	5,696,781
Business-Type Activities										
Water and Sanitary Sewer	1,726,815	2,035,159	2,324,354	2,381,382	2,474,221	2,554,123	2,868,890	2,929,994	2,877,825	2,878,366
Refuse and Recycling	-	-	-	-	-	-	296,803	303,759	310,069	316,838
Commuter Lot	99,572	72,197	106,159	72,485	76,703	70,087	86,729	90,762	80,204	81,690
Total Business-Type Activities Expenses	1,826,387	2,107,356	2,430,513	2,453,867	2,550,924	2,624,210	3,252,422	3,324,515	3,268,098	3,276,894
Total Primary Government Expenses	6,220,398	6,992,741	7,156,769	6,930,552	6,805,218	7,318,190	7,473,571	8,000,346	7,972,165	8,973,675
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	716,318	833,448	625,524	529,574	697,717	708,470	711,316	651,345	500,102	503,771
Public Safety	196,069	261,094	229,111	319,211	843,639	75,920	124,343	148,039	184,911	106,261
Public Works	574	2,884	-	4,500	9,852	12,530	12,583	11,174	-	-
Cultural and Recreation	203,801	226,646	188,003	172,160	161,816	157,271	171,763	187,498	144,435	163,568
Solid Waste	238,554	245,708	256,041	274,995	303,628	314,705	-	-	-	-
Operating Grants/Contributions	210,353	159,700	189,263	128,535	154,832	274,280	202,430	331,191	145,937	123,981
Capital Grants/Contributions	520,000	-	20,000	14,020	-	-	-	-	-	-
Total Governmental Activities Program Revenues	2,085,669	1,729,480	1,507,942	1,442,995	2,171,484	1,543,176	1,222,435	1,329,247	975,385	897,581
Business-Type Activities										
Charges for Services										
Water and Sanitary Sewer	979,388	1,079,585	1,299,481	1,930,305	2,168,890	2,155,904	2,360,503	2,445,317	2,279,851	2,349,245
Refuse and Recycling	-	-	-	-	-	-	322,194	328,314	334,112	339,892
Commuter Lot	70,801	92,739	92,038	82,303	82,105	86,417	87,093	87,443	88,986	97,095
Operating and Capital Grants	-	-	-	-	2,358	-	-	-	-	-
Capital Grants and Contributions	510,000	2,231,197	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	1,560,189	3,403,521	1,391,519	2,012,608	2,253,353	2,242,321	2,769,790	2,861,074	2,702,949	2,786,232
Total Primary Government Program Revenues	3,645,858	5,133,001	2,899,461	3,455,603	4,424,837	3,785,497	3,992,225	4,190,321	3,678,334	3,683,813

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Governmental Activities	\$ (2,308,342)	(3,155,905)	(3,218,314)	(3,033,690)	(2,082,810)	(3,150,804)	(2,998,714)	(3,346,584)	(3,728,682)	(4,799,200)
Business-Type Activities	(266,198)	1,296,165	(1,038,994)	(441,259)	(297,571)	(381,889)	(482,632)	(463,441)	(565,149)	(490,662)
Total Primary Government Net (Expense) Revenue	(2,574,540)	(1,859,740)	(4,257,308)	(3,474,949)	(2,380,381)	(3,532,693)	(3,481,346)	(3,810,025)	(4,293,831)	(5,289,862)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	899,096	956,234	1,014,455	1,053,410	1,179,055	1,232,400	1,206,448	1,212,953	1,259,952	1,311,982
Sales	849,185	890,588	943,390	858,847	785,862	836,166	855,009	846,009	819,655	789,842
Income	358,296	395,205	431,732	427,237	372,418	365,586	393,386	436,814	472,322	516,556
Utility	654,620	558,092	603,983	620,803	554,177	547,238	535,051	507,016	525,275	442,551
Other	187,788	147,006	151,077	152,995	179,842	239,702	243,637	233,195	236,261	272,394
Investment Income	48,715	90,893	65,619	30,646	5,403	13,018	14,298	6,034	(2,121)	5,543
Miscellaneous	62,566	59,050	80,661	39,587	41,283	20,233	29,815	39,355	51,790	524,000
Gain on Sale of Capital Assets	8,297	-	-	-	-	-	113,971	1,406	7,966	-
Transfers	-	-	-	-	-	-	4,110	4,110	39,110	30,000
Total Governmental Activities	3,068,563	3,097,068	3,290,917	3,183,525	3,118,040	3,254,343	3,395,725	3,286,892	3,410,210	3,892,868
Business-Type Activities										
Investment Income	50,846	93,701	87,519	30,254	3,894	7,516	6,587	2,574	(1,279)	751
Miscellaneous	305,825	487,492	152,630	136,228	71,345	-	-	14,364	55,715	38,568
Transfers	-	-	-	-	-	-	(4,110)	(4,110)	(39,110)	(30,000)
Total Business-Type Activities	356,671	581,193	240,149	166,482	75,239	7,516	2,477	12,828	15,326	9,319
Total Primary Government	3,425,234	3,678,261	3,531,066	3,350,007	3,193,279	3,261,859	3,398,202	3,299,720	3,425,536	3,902,187
Changes in Net Position										
Governmental Activities	760,221	(58,837)	72,603	149,835	1,035,230	103,539	397,011	(59,692)	(318,472)	(906,332)
Business-Type Activities	90,473	1,877,358	(798,845)	(274,777)	(222,332)	(374,373)	(480,155)	(450,613)	(549,823)	(481,343)
Total Primary Government	850,694	1,818,521	(726,242)	(124,942)	812,898	(270,834)	(83,144)	(510,305)	(868,295)	(1,387,675)

Data Source: Audited Financial Statements

VILLAGE OF PALOS PARK, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years*
April 30, 2016 (Unaudited)

	2007	2008	2009
General Fund			
Reserved	\$ 40,754	81,614	53,247
Unreserved	1,329,466	1,181,635	1,017,976
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
Total General Fund	1,370,220	1,263,249	1,071,223
All Other Governmental Funds			
Reserved	150,945	122,866	127,819
Unreserved, Reported in, Special Revenue Funds	127,168	136,550	150,721
Debt Service Funds			
Capital Projects Funds	387,106	464,760	413,848
Assigned	-	-	-
Restricted	-	-	-
Total All Other Governmental Funds	665,219	724,176	692,388
Total All Governmental Funds	2,035,439	1,987,425	1,763,611

Data Source: Audited Financial Statements

Note: The Village implemented GASB Statement No. 54 for the year ended April 30, 2012.

2010	2011	2012	2013	2014	2015	2016
58,168	60,215	-	-	-	-	-
922,908	1,123,958	-	-	-	-	-
-	-	63,632	62,707	54,255	50,988	54,283
-	-	-	-	-	276,732	276,324
-	-	1,336,321	1,452,159	1,438,325	1,250,633	1,015,120
981,076	1,184,173	1,399,953	1,514,866	1,492,580	1,578,353	1,345,727
195,372	841,928	-	-	-	-	-
90,143	48,281	-	-	-	-	-
491,926	635,138	-	-	-	-	-
-	-	202,005	127,629	39,925	39,925	30,054
-	-	1,202,700	1,300,144	1,285,489	1,093,414	759,271
777,441	1,525,347	1,404,705	1,427,773	1,325,414	1,133,339	789,325
1,758,517	2,709,520	2,804,658	2,942,639	2,817,994	2,711,692	2,135,052

VILLAGE OF PALOS PARK, ILLINOIS

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
 April 30, 2016 (Unaudited)

	2007	2008	2009
Revenues			
Taxes	\$ 2,947,124	3,144,638	3,113,292
Licenses and Permits	505,647	653,044	482,959
Intergovernmental	210,353	159,700	217,936
Charges for Services	141,641	98,185	79,528
Fees by Agreement	596,859	620,443	609,133
Fines and Forfeitures	111,170	187,507	110,902
Investment Income	90,893	65,619	30,646
Miscellaneous	59,050	91,261	47,071
Total Revenues	4,662,737	5,020,397	4,691,467
Expenditures			
General Government	776,445	808,306	712,090
Public Safety	1,605,648	1,871,600	1,873,619
Public Works	403,892	524,083	553,425
Building and Public Grounds	637,357	661,585	779,371
Culture and Recreation	290,774	304,706	309,125
Solid Waste	235,692	245,040	252,592
Capital Outlay	911,786	239,689	120,288
Debt Service			
Principal Retirement	271,192	293,506	282,256
Interest	115,774	123,135	106,693
Total Expenditures	5,248,560	5,071,650	4,989,459
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585,823)	(51,253)	(297,992)
Other Financing Sources (Uses)			
Transfer In	60,200	122,358	132,072
Transfer Out	(60,200)	(122,358)	(132,072)
Issuance of Debt	-	-	-
Premium/Discount on Installment Contracts	653,599	-	31,316
Proceeds from Sale of Capital Assets	16,576	3,239	42,862
Payment to Refunded Bond Escrow Agent	-	-	-
	670,175	3,239	74,178
Net Change in Fund Balances	84,352	(48,014)	(223,814)
Debt Service as a Percentage of Noncapital Expenditures	8.54%	8.40%	8.02%

Data Source: Audited Financial Statements

2010	2011	2012	2013	2014	2015	2016
3,071,354	3,221,092	3,233,531	2,133,625	2,194,108	2,185,689	2,192,094
467,581	471,279	482,653	459,802	372,638	500,102	503,771
147,732	163,410	275,619	1,305,910	1,451,972	1,287,008	1,265,212
50,405	40,464	49,747	59,346	73,253	144,435	163,568
619,316	652,044	660,796	379,232	403,583	-	-
154,210	844,287	74,361	120,507	147,158	184,911	106,261
5,403	13,018	14,298	6,034	(2,121)	3,361	5,543
35,034	20,233	29,815	39,355	51,790	420,622	524,000
4,551,035	5,425,827	4,820,820	4,503,811	4,692,381	4,726,128	4,760,449
736,570	674,934	609,448	604,675	620,088	567,323	870,967
1,789,273	1,863,219	1,869,168	1,960,561	2,037,855	2,101,895	2,233,001
533,843	509,153	570,036	515,661	700,175	607,660	581,525
593,998	568,127	793,050	550,995	549,108	448,021	688,816
301,616	272,696	288,737	356,397	556,380	471,341	546,696
263,727	276,741	286,300	-	-	-	-
23,157	34,015	100,739	63,830	85,922	430,624	399,932
282,279	258,555	274,553	275,239	276,782	332,910	33,921
97,141	54,684	51,732	43,988	37,792	31,320	17,449
4,621,604	4,512,124	4,843,763	4,371,346	4,864,102	4,991,094	5,372,307
(70,569)	913,703	(22,943)	132,465	(171,721)	(264,966)	(611,858)
266,116	171,182	138,220	118,220	133,220	168,349	246,588
(266,116)	(171,182)	(134,110)	(114,110)	(94,110)	(133,349)	(216,588)
12,207	37,300	-	-	-	-	-
1,085,000	-	-	-	-	-	-
1,259	-	113,971	1,406	7,966	-	5,218
(1,032,991)	-	-	-	-	-	-
65,475	37,300	118,081	5,516	47,076	35,000	35,218
(5,094)	951,003	95,138	137,981	(124,645)	(229,966)	(576,640)
8.25%	6.99%	6.80%	7.62%	6.63%	7.47%	1.02%

VILLAGE OF PALOS PARK, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years April 30, 2016 (Unaudited)

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Valuation
2006	\$ 187,992,725	\$ 21,840,193	\$ 9,702,412	\$ 34,707
2007	199,888,492	23,222,193	10,316,359	36,902
2008	234,150,430	27,306,755	12,130,909	43,392
2009	253,140,363	29,408,767	13,064,719	46,732
2010	258,132,898	29,988,778	13,322,387	47,654
2011	206,366,428	23,974,842	10,650,690	38,099
2012	191,763,106	22,277,062	9,897,182	35,403
2013	180,695,631	20,991,357	9,325,973	33,360
2014	173,755,506	20,185,124	8,967,782	32,079
2015	168,617,169	19,584,654	8,708,669	19,703

Data Source: Office of the County Clerk

Notes:

Property in the Village is reassessed every three years. Property is assessed at 33% of actual value.

Total Direct Tax Rate is the Village only. (Does not include overlapping rates.)

Railroad Valuation	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 95,620	\$ 219,665,657	0.4450	\$ 658,996,971	33.33%
101,672	233,565,618	0.4350	700,696,854	33.33%
119,555	273,751,041	0.4020	821,253,123	33.33%
128,758	295,789,339	0.3820	887,368,017	33.33%
131,297	301,623,014	0.3910	904,869,042	33.33%
104,894	241,134,953	0.4990	723,404,859	33.33%
97,471	224,070,224	0.5550	672,210,672	33.33%
91,845	211,138,166	0.6000	633,414,498	33.33%
88,317	203,028,808	0.6356	609,086,424	33.33%
98,514	197,028,709	0.6635	591,086,127	33.33%

VILLAGE OF PALOS PARK, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years April 30, 2016 (Unaudited)

	2006	2007	2008
Village Direct Rates			
General	\$ 0.3060	0.2970	0.2780
Illinois Municipal Retirement	0.0350	0.0350	0.0320
Police Pension	0.0590	0.0580	0.0520
Police Protection	0.0450	0.0450	0.0400
Total Direct Rates	0.4450	0.4350	0.4020
Overlapping Rates			
School Districts	4.6300	4.4860	4.1000
Library	1.4200	0.1380	0.1280
County	0.5690	0.5110	0.4750
Fire Protection District	0.5980	0.5450	0.5110
Township	0.0790	0.0790	0.0750
S. Palos Sanitary District *	0.2320	0.1770	0.2760
MWRD	2.8400	0.2630	0.2520

Data Source: Office of the County Clerk

Notes:

The Village's basic property tax rate may be increased only by a majority vote of the Village's residents. Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owners within the Village. Not all overlapping rates apply to all Village property owners; County property tax rates for example, although the County property tax rates apply to all Village property owners, other rates (i.e., certain school districts) may apply to only certain property in the Village.

* Only some Village residents are within the S. Palos Sanitary District

2009	2010	2011	2012	2013	2014	2015
0.3140	0.3180	0.4020	0.4410	0.4710	0.4904	0.5027
0.0300	0.0320	0.0430	0.0500	0.0570	0.0640	0.0708
-	-	-	-	-	-	-
0.0380	0.0410	0.0540	0.0640	0.0720	0.0812	0.0900
0.3820	0.3910	0.4990	0.5550	0.6000	0.6356	0.6635
7.2300	7.5010	9.0050	5.5270	6.0050	6.3060	6.5100
0.1230	0.1260	0.1610	0.1800	0.1950	0.2070	0.2160
0.4730	0.4840	0.5570	0.6080	0.6760	0.6540	0.6720
1.1320	1.1930	1.4370	1.0470	1.0470	1.2010	1.2550
0.7110	0.7420	0.8990	0.1080	0.1180	0.1250	0.1330
0.2580	0.2530	0.3310	0.3920	0.3610	0.4060	0.4210
0.2610	0.2740	0.3200	0.3700	0.4170	0.4300	0.4260

VILLAGE OF PALOS PARK, ILLINOIS

**Principal Property Tax Payers - Prior Fiscal Year and Nine Fiscal Years Ago
April 30, 2016 (Unaudited)**

Taxpayer	2015			2009		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
IRC (Formerly CNC)	\$ 5,819,177	1	2.95%	7,239,082	1	4.11%
Sunrise Senior Living	5,541,826	2	2.81%	4,496,446	2	2.55%
RDK Ventures	1,848,729	3	0.94%			
James Marth	1,377,312	4	0.70%			
Inter Cont'l 131st Palos Park	1,248,815	5	0.63%			
Walgreen Co. Tax Dept.	1,104,276	6	0.56%	1,487,719	4	0.84%
Hackney's on Lake Inc.	789,649	7	0.40%	756,509	10	0.43%
Southwest HWY, LLC	729,618	8	0.37%			
Owen E Hulse Jr.	720,970	9	0.37%			
Alfredo Veltri	638,609	10	0.32%			
Individual				2,395,975	3	1.36%
Individual				1,263,910	5	0.72%
Gas City Ltd.				1,193,231	6	0.68%
Individual				1,139,532	7	0.65%
Shell Oil Company				984,868	8	0.56%
SBC Ameritech				934,868	9	0.53%
Total	19,818,981		10.06%	21,892,140		12.42%

Data Source: Office of the County Clerk and Assessor's Office

Notes:

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data for nine years ago is not available.

VILLAGE OF PALOS PARK, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 1,014,455	\$ 403,365	39.76%	\$ 611,090	\$ 1,014,455	100.00%
2008	1,015,072	483,740	47.66%	530,443	1,014,183	99.91%
2009	1,098,709	567,862	51.68%	514,807	1,082,669	98.54%
2010	1,129,915	510,898	45.22%	618,452	1,129,350	99.95%
2011	1,221,886	560,614	45.88%	633,241	1,193,855	97.71%
2012	1,200,852	614,989	51.21%	584,041	1,199,030	99.85%
2013	1,243,590	626,374	50.37%	627,152	1,253,526	100.80%
2014	1,266,829	650,932	51.38%	620,655	1,271,587	100.38%
2015	1,291,263	660,537	51.15%	621,711	1,282,248	99.30%
2016	1,308,271	660,691	50.50%	-	660,691	50.50%

Data Source - Office of the Cook County Treasurer's Office

Notes:

Total collections to date include collections within the current fiscal year and collections in subsequent years. The percentage of levy represent the ratio of total collections to date to the taxes levied for that fiscal year. Extensions include loss amounts assessed by the County. Therefore, actual collections could exceed 100%.

Property in the Village is reassessed every three years. Property is assessed at 33% of actual value.

VILLAGE OF PALOS PARK, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

Fiscal Year	Governmental Activities		General Obligation Bonds
	Debt Certificates	Installment Notes Payable	
2007	\$ 2,257,917	\$ 293,506	\$ 825,000
2008	2,006,977	250,940	770,000
2009	1,779,698	227,279	715,000
2010	1,558,443	221,255	660,000
2011	1,283,890	274,553	2,295,000
2012	1,008,300	275,590	2,175,000
2013	734,274	23,272	2,055,000
2014	720,000	11,831	1,925,000
2015	395,000	3,921	1,790,000
2016	365,000	-	1,650,000

Note: The Village's outstanding debt can be found in the Notes to the Financial Statements

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Business-Type Activities					
Installment Notes Payable	Public Benefit Debt	Total Primary Government	Percentage of Assessed Valuation (1)	Per Capita (1)	
\$ 12,497	434,042	\$ 3,822,962	1.64%	\$ 815.30	
-	396,332	3,424,249	1.25%	730.27	
-	358,622	3,080,599	1.04%	656.98	
-	320,912	2,760,610	0.92%	588.74	
-	283,201	4,136,644	1.72%	853.44	
-	245,491	3,704,381	1.65%	764.26	
23,272	207,781	3,043,599	1.44%	627.93	
11,830	170,072	2,838,733	1.40%	585.67	
3,920	132,362	2,325,203	1.18%	479.72	
-	94,652	2,109,652	1.07%	435.25	

VILLAGE OF PALOS PARK, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

Fiscal Year	Governmental	Business-Type	Less: Amounts Available In Debt Service Fund	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Activities Debt Certificates	Activities General Obligation Bonds				
2007	\$ 2,257,917	\$ 825,000	\$ -	\$ 3,082,917	1.40%	\$ 657.48
2008	2,006,977	770,000	-	2,776,977	1.19%	592.23
2009	1,779,698	715,000	-	2,494,698	0.91%	532.03
2010	1,558,443	660,000	-	2,218,443	0.75%	473.12
2011	1,283,890	2,295,000	-	3,578,890	1.19%	738.37
2012	1,008,300	2,175,000	-	3,183,300	1.32%	656.76
2013	734,274	2,055,000	-	2,789,274	1.24%	575.46
2014	720,000	1,925,000	-	2,645,000	1.25%	545.70
2015	395,000	1,790,000	-	2,185,000	1.08%	450.79
2016	365,000	1,650,000	-	2,015,000	1.02%	415.72

Data Source: Audited Financial Statements

Note: Details of the Village's outstanding debt can be found in notes to financial statements.

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistic for personal income and population data.

VILLAGE OF PALOS PARK, ILLINOIS

**Schedule of Direct and Overlapping Governmental Activities Debt
April 30, 2016 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to the Village of Palos Park (1)	Village of Palos Park Share of Debt
Village of Palos Park	\$ 365,000	100.00%	\$ 365,000
Overlapping Debt			
Cook County	3,362,051,750	0.1487%	4,999,371
Cook County Forest Preserve District	116,060,000	0.1487%	172,581
Metropolitan Water Reclamation District	2,629,938,991	0.1515%	3,984,358
South Palos Twp. Sanitary District	572,000	5.9333%	33,938
Schools			
Comm. Consolidated School Dist. 118	3,195,000	28.0736%	896,952
High School Dist. 230	28,305,000	4.7324%	1,339,506
Community College 524	<u>66,895,000</u>	2.2788%	<u>1,524,403</u>
Total Overlapping Debt	<u>6,207,017,741</u>		<u>12,951,109</u>
Total Direct and Overlapping Debt	<u><u>6,207,382,741</u></u>		<u><u>13,316,109</u></u>

Data Source: Office of the Cook County Clerk and Office of the Comptroller of the State of Illinois

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit.

VILLAGE OF PALOS PARK, ILLINOIS

**Schedule of Legal Debt Margin - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

See Following Page

VILLAGE OF PALOS PARK, ILLINOIS

**Schedule of Legal Debt Margin - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

	2007	2008	2009	2010
Legal Debt Limit	\$ 18,946,163	20,145,035	22,796,927	23,611,027
Total Net Debt Applicable to Limit	825,000	770,000	715,000	660,000
Legal Debt Margin	18,121,163	19,375,035	22,081,927	22,951,027
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.35%	3.82%	3.14%	2.80%

Data Source: Village Records

Note:

G.O. Alternative bonds are considered G.O. Bonds in these calculations even though they are to be paid by water and sewer revenues.

2011	2012	2013	2014	2015	2016
25,511,830	26,014,985	19,326,057	18,210,667	17,511,235	16,993,726
2,295,000	2,175,000	2,055,000	1,925,000	1,790,000	365,000
23,216,830	23,839,985	17,271,057	16,285,667	15,721,235	16,628,726
9.00%	8.36%	10.63%	10.57%	10.22%	2.15%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	<u>\$ 197,028,709</u>
Bonded Debt Limit - 8.625% of Assessed Value	16,993,726
Amount of Debt Applicable to Limit	<u>365,000</u>
Legal Debt Margin	<u>16,628,726</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Pledged Revenue Coverage - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

Fiscal Year	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	\$ 1,619,004	\$ 897,765	\$ 721,239	\$ 103,833	\$ 53,221	4.59
2008	1,316,694	1,146,424	170,270	101,433	52,320	1.11
2009	1,460,236	1,434,908	25,328	92,710	43,771	0.19
2010	2,005,501	1,476,747	528,754	92,710	43,565	3.88
2011	2,176,330	1,456,035	720,295	156,116	101,850	2.79
2012	2,162,336	1,536,216	626,120	164,720	100,274	2.36
2013	2,332,944	1,846,347	486,597	161,322	95,023	1.90
2014	2,462,290	1,183,897	1,278,393	175,309	88,483	4.85
2015	2,306,253	2,001,837	304,416	180,620	71,307	1.21
2016	2,388,377	1,817,242	571,135	143,920	85,921	2.48

Notes:

Details of the Village's outstanding debt can be found in the Notes to the Financial Statements

Water Charges and Other includes investment earnings but no tap-on fees.

Operating expenses do not include interest or depreciation

Special Assessment projects within the Village are not pledged by Village funds; projects are funded by Village residents through direct collections and, therefore are not recorded here.

VILLAGE OF PALOS PARK, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	4,689	\$ 367,852,050	\$ 78,450	4.30%
2008	4,689	367,852,050	78,450	6.20%
2009	4,689	367,852,050	78,450	9.60%
2010	4,689	367,852,050	78,450	11.20%
2011	4,847	367,852,050	78,450	8.70%
2012	4,847	412,964,400	85,200	9.00%
2013	4,847	429,579,916	88,628	9.40%
2014	4,847	429,579,916	88,628	7.70%
2015	4,847	429,579,916	88,628	6.00%
2016	4,847	429,579,916	88,628	6.50%

Data Source: Population is from the U.S. Bureau of the Census

VILLAGE OF PALOS PARK, ILLINOIS

**Principal Employers - Prior Fiscal Year and Seven Fiscal Years Ago
April 30, 2016 (Unaudited)**

Employer	2015		2009	
	Rank	Percentage of Total Village Population	Rank	Percentage of Total Village Employment
Holly Family Villa	1	3.44%		
Jewel	2	2.37%	1	4.76%
Sunrise Assisted Living	3	2.06%		
Village of Palos Park	4	1.71%	3	1.31%
Osco	5	1.65%	2	1.43%
Hackney's	6	1.03%	5	0.64%
Francesca's	7	0.95%	4	1.19%
Walgreens	8	0.58%		
McDivott's	9	0.27%	6	0.17%
Standard Bank	10	0.19%		
		<u>14.3%</u>		<u>9.50%</u>

Note: Telephone canvass of employers performed in 2015. Current year and nine years ago is not available.

VILLAGE OF PALOS PARK, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

See Following Page

VILLAGE OF PALOS PARK, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government			
Administration	5.30	5.30	5.30
Building and Zoning	3.60	4.00	3.50
Finance	3.00	3.00	3.30
Police			
Officers FT	10.00	10.00	10.00
Officers PT	15.00	15.00	16.00
Civilians	2.00	2.00	2.00
Public Works			
Water Department	3.90	4.30	4.60
Sewer Department	1.30	1.60	1.40
Street Maintenance	3.10	4.40	5.00
Recreation	3.50	3.50	3.50
Total	<u>50.70</u>	<u>53.10</u>	<u>54.60</u>

Data Source: Village Finance Department Payroll

2010	2011	2012	2013	2014	2015	2016
4.30	4.30	4.30	4.30	4.30	4.30	4.30
3.50	3.50	3.50	3.50	3.50	3.50	3.50
2.00	2.00	2.00	1.50	1.50	1.50	1.50
10.00	9.00	9.00	9.00	9.00	9.00	9.00
20.00	22.00	23.00	24.00	24.00	20.00	23.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
4.60	4.60	4.60	4.60	4.60	4.60	4.60
1.40	1.40	1.40	1.40	1.40	1.40	1.40
4.50	4.50	3.50	4.50	4.50	4.50	4.50
3.50	2.50	2.50	3.00	3.00	3.00	3.00
55.80	55.80	55.80	57.80	57.80	53.80	56.80

VILLAGE OF PALOS PARK, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

	2007	2008	2009
Public Safety			
Police (1)			
Physical Arrests	251	285	242
Parking Violations	4	1,757	1,573
Traffic Violations	3	1,711	1,570
Public Works			
Street Resurfacing (Miles)	1.01	1.01	1.01
Pothole Repairs	50-75	75-120	75-100
Water			
New Connections	3	27	7
Water Main Breaks	4	12	15
Average Daily Consumption (2)	389,884	427,827	489,000
Peak Demand	1,015,000	987,000	837,000

Data Source: Appropriate Village Departmental

(1) Police data is available only on the calendar year; for instance, FY 08 covers January 2007- December 2007

(2) Average gallons per day

Note: The Village does not treat wastewater. It is treated by MWRD.

2010	2011	2012	2013	2014	2015	2016
170	217	186	183	202	211	240
1,209	1,307	987	982	997	1,198	1,048
1,213	1,383	885	953	956	1,925	864
0.25	-	0.66	0.80	0.90	1.19	1.30
50-75	75-150	50-75	80-140	722.0	1,524.0	2,769
8	6	4	2	8	4	5
2	2	7	4	44	12	15
416,134	404,000	474,000	501,000	437,000	407,813	402,186
850,000	906,000	969,000	823,000	702,000	708,000	750,000

VILLAGE OF PALOS PARK, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

	2007	2008	2009
Public Safety			
Police			
Stations	1	1	1
Patrol Units	8	8	7
Public Works			
Residential Streets (Miles)	14.70	14.70	14.70
Water			
Water Mains (Miles)	50.58	50.58	51.08
Fire Hydrants	722	726	730
Storage Capacity (Gallons)	800,000	800,000	800,000
Wastewater			
Sanitary Sewer (Miles)	39.27	39.27	39.37
Storm Sewers (Miles)	7.67	7.67	7.67

Data Source: Appropriate Village Departmental Directors

Note: All Village arterial streets, streetlights and traffic signals are not owned by the Village.

2010	2011	2012	2013	2014	2015	2016
1 8	1 8	1 8	1 8	1 8	1 8	1 8
14.70	14.70	14.70	14.70	14.70	14.70	14.70
52.24 730	52.24 730	52.24 730	52.24 731	52.24 731	52.24 731	52 731
1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
39.37 7.67	39.37 7.67	39.37 7.67	39.37 7.67	39.37 7.67	39.37 7.67	39.37 7.67