

VILLAGE OF PALOS PARK, ILLINOIS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2018**

Prepared by:
Finance Department

Barbara Maziarek
Finance Director

VILLAGE OF PALOS PARK, ILLINOIS

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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, 2018

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*

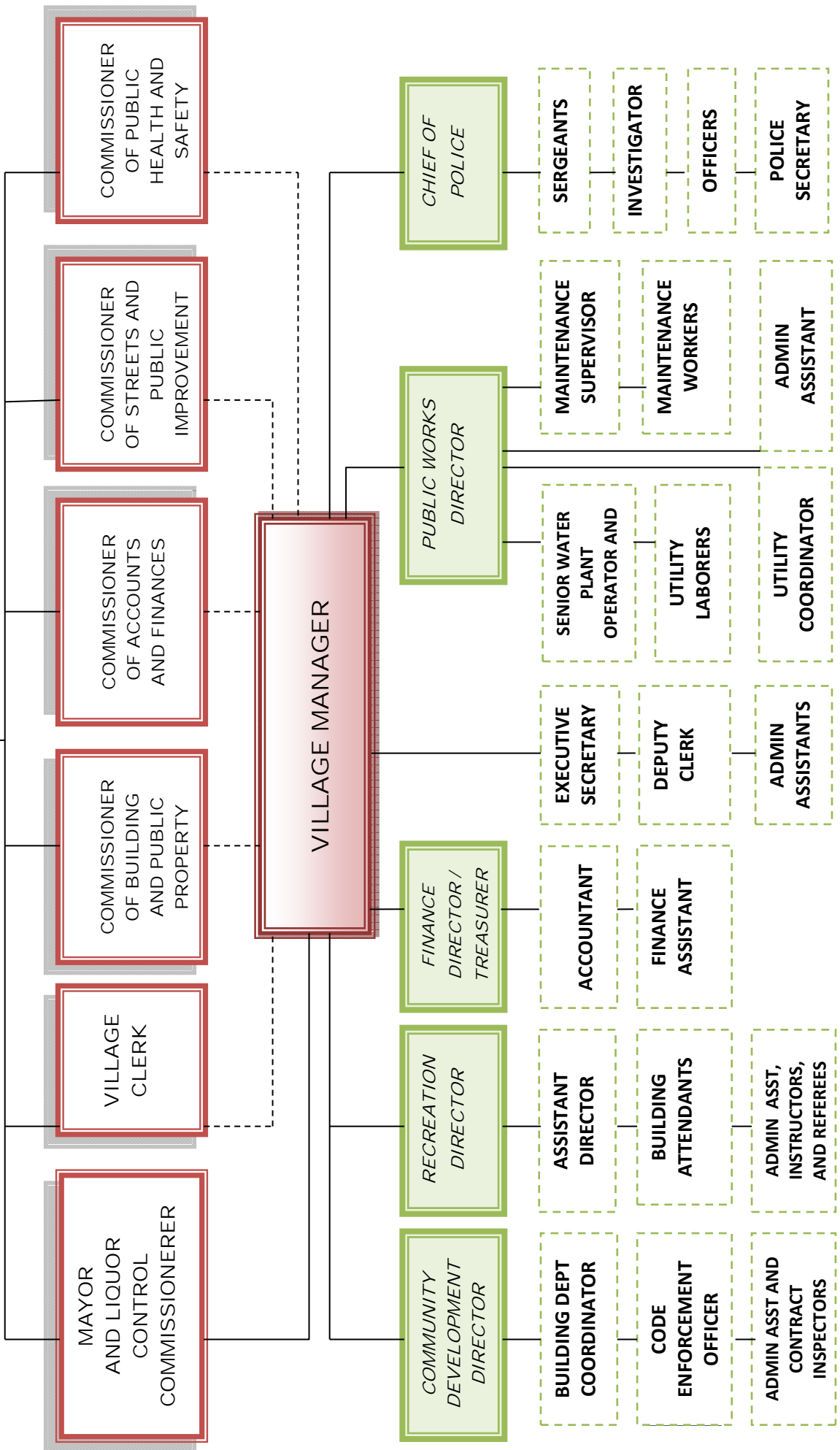
Joseph Miller - *Chief of Police*

Paul Mose Rickey - *Recreation Director*

Michael Sibrava - *Public Works Director*

Lori Sommers - *Community Development Director*

VILLAGE RESIDENTS





VILLAGE OF
PALOS PARK

October 8, 2018

JOHN F. MAHONEY
Mayor

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, 2018 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 & 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, 2018 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 & Amen, LLP has issued an unmodified ("clean") opinion on the Village's financial statements for the year ended April 30, 2018. 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 2.0% for the coming year. In fiscal year 2018, 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 1.25% in FY18 to \$4,383,281. Sales tax increased by 1.95%, utility taxes decreased by 0.81%. Revenue from property taxes collections increased 9.22% due the annexation of property, permit fees decreased by 6.01%, and state income tax increased by 6.85% as compared to the prior fiscal year.

General Fund operating expenditures increased in FY18 by \$14,067 to a total of \$4,324,048 as compared to the prior fiscal year. This 0.33% decrease in expenditures was due to a reduction in spending for wages for employees, insurance costs, and legal fees. Also, decreased departmental spending for Public Affairs, Public Grounds, Recreation, and Festivals Departments in the fiscal year helped reduce overall spending. Reductions in overall spending produced a surplus and an increase in reserves for the General Fund balance in the amount of \$32,576 at the end of the fiscal year. The General Fund ensures that the Village has sufficient reserves to cover planned upcoming expenditures, and the ending fund balance is \$269,941 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 2018

PERSONNEL

- Continue to evaluate staffing levels
- Place a Village wide employee performance evaluation system
- Continue to identify professional development for staff
- Continue to look for reorganization and consolidation of duty opportunities within departments for cross training
- Establish a working Employee Safety Committee
- Work with employee committee to increase visibility and programming, continue to participate as a member
- Look for opportunities to conduct a meaningful employee Fitness and Wellness Program
- Continue to update the Village's Manual of Personnel Policies – an ongoing annual activity
- Create a fraud prevention and whistleblower policy
- Attract and hire new Recreation and Parks Director
- Attract and hire new Community Development Director

COMMUNICATIONS

- Keep business and residents on and near LaGrange Road advised of ongoing road construction – expect to be finalized by second quarter
- 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 newsletter (combined publication), website, Facebook, Twitter, Constant Contact, and other means
- Continue to encourage departments to work together for the good of all
- Work with different groups and organizations in the community to assist them in meeting their objectives in service to the community
- Recognize and promote the organizations that make Palos Park a better place

ANNEXATIONS

- Conduct studies, including impact analysis, needed to negotiate development agreements that are in the best interest of the Village
- Continue the evaluation and planning for extension of utility services to new territories
- Analyze the cost/benefit of annexing Equestrian Estates
- Complete 131st Street Standard Bank annexation

LEGAL

- Track legal expenses of the Village
- Continue to work to limit our litigation exposure
- Work with the various attorneys on litigation matters involving the newly annexed properties
- Monitored the 7-1-2 litigation and State's Attorney Quo Warranto suit

PUBLIC PROPERTY

- Continue working with other communities to improve the experience of being on the Palos Park portion of the Cal-Sag Trail through the Cal Sag Trail Coalition
- Plan for further improvements at Centennial Park
- Plan next phases of improvements on the Village Green – make more accessible, find money to start the program
- Continue to implement improvements at Kaptur Center, Recreation Center (Community House)
- Look to upgrade and add security cameras at key locations
- Add another payment option for daily fee Metra commuters
- Work with Cal Sag Coalition to implement a trailhead amenity program

PROCEDURAL/OPERATIONS

- Administer the Municipal Electric Aggregation Program
- Improve the retrieval process of Village records by examining the feasibility of implementing document management thru GIS or other means
- Continue to upgrade the Village's hardware and software systems

PUBLIC WORKS/INFRASTRUCTURE

- Work on implementation of LaGrange Road landscape plan following completion of roadwork – plan future maintenance program
- Continue to promote bike and trail plans in Village of Palos Park Plan
- Coordinate connections with the Cal Sag Trail and the Village trailhead
- Continue to study and finalize utility extension routes
- Serve on the Management Committee of the Regional Water System

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 thru Palos Area Chamber of Commerce
- Outreach efforts to other business organizations and groups

- Continue outreach and communications with businesses
- Consider development on ‘no cash bid’ parcels, Schroeder Property, re-development around Metra Station and along LaGrange Road
- Look for opportunities to plan and coordinate development on properties that were annexed
- Coordinate consultant led (through LTA Grant) Bikeways and Trailways planning process

FINANCE

- Adhere to Budget categories within budget, expense where appropriate, not where convenient
- Develop strategy to fund Police Pension Program
- Develop road improvement funding strategies
- Document costs of special events
- Expand use of credit cards and on-line payments

INSURANCE / LIABILITY

- Manager is the delegate to IRMA, with the Finance Director as the alternate delegate to IRMA
- Continue compliance with IRMA programs, i.e. risk assessments, IMAP, and Safety Compliance
- Work with broker to finalize annual health care package for employees
- Work Comp Claims Management
- Review and update the written Risk Management Plan
- 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 15-16, 2017
- Look for more opportunities to provide additional summer community activities on the Village Green, more concerts, and community events

BUILDING DEPARTMENT

Goals and Projects FY 2018

PLANNING ZONING

- Update Comprehensive Plan for west sector;
- Continue to amend Zoning Regulations as needed;
- Participate in multi-community coalition guiding Cal Sag Trail planning;
- Participate in CMAP’s grant for bikeways and trails plan for the Village; 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;
- Promote the available vacant residential land for new homes; and
- Promote the available land and building space to prospective new businesses.

GRANTS

- Continue to look for grant opportunities for the Village; and
- Monitor and participate in the Village's CMAP grant for bikeways and trails plan for the Village.

COMMISSIONS

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

CODE UPDATES

- Review Building Code for possible amendments.

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 2018

- Receive the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for FY2017.
- Prepare document for GFOA's Distinguished Budget Presentation Award for Fiscal Year 2018.
- 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.
- Continue to receive an unqualified audit opinion and minimal management letter comments.

POLICE DEPARTMENT

Goals and Projects FY 2018

- 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 2018

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 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 hot mix and cold mix bituminous materials for street patching;
- 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;
- Work with homeowners 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 2018

ADMINISTRATIVE

- Continue to evaluate and search for cost savings for the Recreation Department budget.
- Develop a plan of how the Recreation and Parks Department can participate and offer a means of serving those who cannot participate in conventional recreation programs.
- Continue to search for Grants to include Community Garden.
- Continue to evaluate ways to increase revenue.
- Develop new marketing techniques keeping the department in the forefront of the community.
- Develop a strong volunteer program that can involve retirees, specialists, and add additional initiatives.

PROGRAMMING

- Continue to look at community events bringing the entire family together.
- Offer creative programs and alternatives not to compete but compliment the community.
- Keep focus on teens and reconnect with the junior high students.
- Continue to drive the unique birthday party service to increase revenue.
- Offer more programming at Centennial Park.
- Continue to enhance Kindergarten Kids Zone.

MAINTAINENCE

- Finish the repair and replacement binder for the facility and parks.
- Stain and refinish all wood doors throughout building.

RENTALS

- Continue to update the Multi-Purpose room for an attractive rental space.
- Research ways to rent out the gym and rooms filling the dead time in the building.
- Develop a rental structure to include non-for-profits, perpetual renters, and Businesses.
- Create a Marketing Plan for rental opportunities.

SAFETY

- Monthly staff meeting to include safety tips and/or safety videos.
- Hold emergency trainings for the facility.

FACILITIES

- Install a new auto-refill water fountain.
- Install efficient auto-hand dryers and auto-soap dispensers in washrooms.
- Continue to look at additional storage opportunities within the facility.

PARKS

- Phase Three of Village Green path connecting to library.
- Develop an ongoing community environment awareness program to utilize volunteers for maintenance of path and gardens, along with Beautification Committee.
- Research a storage structure at Centennial Park for maintenance and program items.
- Add drainage in Centennial Park left center field.

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, 2017. This was the 19th 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 *Lauren Pruss*; Recreation and Parks Director *Paul Mose Rickey*; 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.

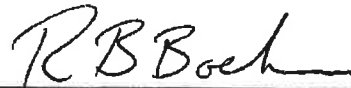
We would also like to express our appreciation to the personnel at Lauterbach & Amen, LLP who performed the examination in an effective and cooperative manner.

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, 2017

Christopher P. Morill

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
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

October 8, 2018

The Honorable Village 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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States 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, 2018

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, 2018. 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 \$21,064,747 a decrease of \$747,709 during the year.
- **Governmental activity summary** – Net position for governmental activities decreased by \$259,567 during the year to \$1,855,018.
- **Business-type activity summary** – Net position for business-type activities decreased by \$488,142 during the year to \$19,209,729.
- **General Fund summary** – The Village's General Fund reported an increase of \$32,576 in fund balance for the year to \$1,350,953.
- **Budget vs. Actual** – The Village's actual revenues for the General Fund were less than budgeted revenues by \$13,717 while the actual expenditures were more than total budgeted expenditures by \$126,780.

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/deferred outflows exceeded liabilities/deferred inflows by \$21,064,747. The following table reflects the condensed Statement of Net Position as of April 30, 2018 and 2017. For more detailed information see the Statement of Net Position.

**TABLE 1
STATEMENT OF NET POSITION
FOR FISCAL YEARS 2018 AND 2017**

	Governmental Activities 2018	<i>Governmental Activities 2017</i>	Business- Type Activities 2018	<i>Business- Type Activities 2017</i>	Total Primary Government 2018	<i>Total Primary Government 2017</i>
Assets:						
<i>Current and Other Assets</i>	\$ 3,637,641	\$ 3,232,009	\$ 3,543,490	\$ 3,221,852	\$ 7,181,131	\$ 6,453,861
<i>Capital Assets</i>	4,559,941	4,656,833	17,562,010	18,490,746	22,121,951	23,147,579
Total Assets	\$ 8,197,582	\$ 7,888,842	\$ 21,105,500	\$ 21,712,598	\$ 29,303,082	\$ 29,601,440
<i>Deferred Outflows of Resources</i>	\$ 1,218,943	\$ 917,583	\$ 101,045	\$ 132,751	\$ 1,319,988	\$ 1,050,334
Total Assets and Deferred Outflows of Resources	\$ 9,416,525	\$ 8,806,425	\$ 21,206,545	\$ 21,845,349	\$ 30,623,070	\$ 30,651,774
Liabilities:						
<i>Other Liabilities</i>	\$ 639,245	\$ 498,730	\$ 359,987	\$ 357,664	\$ 999,232	\$ 856,394
<i>Long-Term Liabilities</i>	4,995,252	5,230,934	1,382,162	1,779,766	6,377,414	7,010,700
Total Liabilities	\$ 5,634,497	\$ 5,729,664	\$ 1,742,149	\$ 2,137,430	\$ 7,376,646	\$ 7,867,094
<i>Deferred Inflows of Resources</i>	\$ 1,927,010	\$ 962,176	\$ 254,667	\$ 10,048	\$ 2,181,677	\$ 972,224
Total Liabilities and Deferred Inflows of	\$ 7,561,507	\$ 6,691,840	\$ 1,996,816	\$ 2,147,478	\$ 9,558,323	\$ 8,839,318
Net Position:						
<i>Net Investment in Capital Assets</i>	\$ 4,254,941	\$ 4,321,833	\$ 16,182,778	\$ 16,928,804	\$ 20,437,719	\$ 21,250,637
<i>Restricted</i>	1,011,916	836,377	-	-	1,011,916	836,377
<i>Unrestricted</i>	(3,411,839)	(3,043,625)	3,026,951	2,769,067	(384,888)	(274,558)
TOTAL NET POSITION	\$ 1,855,018	\$ 2,114,585	\$ 19,209,729	\$ 19,697,871	\$ 21,064,747	\$ 21,812,456

CURRENT YEAR IMPACT – NET POSITION

The Village's combined net position (which is the Village's bottom line) decreased 3.43% from \$21,812,456 to \$21,064,747 with a decrease in net position of \$747,709. Net position of the Village's governmental activities decreased \$259,567 during the year and ended the year at \$1,855,018. The Village's unrestricted net position for governmental activities, the part of net position that can be used to finance daily operations, decreased \$368,214 over last year to (\$3,411,839).

The net position of business-type net position decreased \$488,142 or 2.48% during the year, and ended the fiscal year at \$19,209,729. Unrestricted net position, available to finance the continuing operation of its business-type activities, was \$3,026,951. Business-type activities include water, sewer, solid waste, and commuter parking lot services. The annual operating cost of these services for Fiscal Year 2018 was \$3,496,820.

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 2018 AND 2017

	Governmental Activities 2018	Governmental Activities 2017	Business- Type Activities 2018	Business- Type Activities 2017	Total Primary Government 2018	Total Primary Government 2017
REVENUES						
Program Revenues:						
Charges for Services	\$ 714,382	\$ 730,795	\$ 2,915,777	\$ 2,781,732	\$ 3,630,159	\$ 3,512,527
Operating Grants	123,759	122,854	-	-	123,759	122,854
General Revenues:						
Property Taxes	1,340,768	1,311,952	-	-	1,340,768	1,311,952
Sales Taxes	1,005,489	977,144	-	-	1,005,489	977,144
Utility Taxes	421,304	442,015	-	-	421,304	442,015
Income Taxes	439,535	458,162	-	-	439,535	458,162
Other	207,021	162,083	-	-	207,021	162,083
Investment Income	43,014	20,730	2,546	1,544	45,560	22,274
Other	496,227	460,950	90,355	81,213	586,582	542,163
Total Revenues	4,791,499	4,686,685	3,008,678	2,864,489	7,800,177	7,551,174
EXPENSES						
General Government	880,646	721,192	-	-	880,646	721,192
Public Safety	2,512,388	2,634,989	-	-	2,512,388	2,634,989
Public Works	603,189	576,081	-	-	603,189	576,081
Building and Public Grounds	565,910	498,089	-	-	565,910	498,089
Culture and Recreation	459,347	516,908	-	-	459,347	516,908
Water	-	-	2,294,997	2,201,814	2,294,997	2,201,814
Sewer	-	-	777,810	781,918	777,810	781,918
Solid Waste	-	-	357,510	354,417	357,510	354,417
Commuter Lot	-	-	66,503	82,748	66,503	82,748
Interest	14,456	15,671	-	-	14,456	15,671
Total Expenses	5,035,936	4,962,930	3,496,820	3,420,897	8,532,756	8,383,827
Change in Net Position Before Transfers	(244,437)	(276,245)	(488,142)	(556,408)	(732,579)	(832,653)
Transfers					-	-
Change in Net Position	(244,437)	(276,245)	(488,142)	(556,408)	(732,579)	(832,653)
Beginning Net Position	2,114,585	2,390,830	19,697,871	20,254,279	21,812,456	22,645,109
Ending Net Position	\$ 1,870,148	\$ 2,114,585	\$ 19,209,729	\$ 19,697,871	\$ 21,079,877	\$ 21,812,456

CURRENT YEAR IMPACTS -- CHANGES IN NET POSITION

Governmental Activities

Overall total revenues for governmental activities in Fiscal Year 2018 totaled \$4,791,499 representing a increase in net amount of \$104,814 or 2.24% (\$714,382 for Charges for Services; \$1,340,768 for Property Taxes; and \$2,736,349 for Other Revenues). Revenues decreased in the following categories: charges for services, income taxes, and utility taxes during the fiscal year. Property taxes were one of the Village's largest sources of revenue at \$1,340,768; that is an increase of \$28,816 over the prior fiscal year. Sales tax revenue increased by 2.90% to \$1,005,489 or \$28,345 more than FY2017. Utility taxes in FY2018 decreased to \$421,304 or \$20,711 less than the prior fiscal year. State income tax payments decreased 4.07% to an annual total of \$439,535. In addition, the Other revenue source experienced a \$35,277 increase.

Expenses for governmental activities totaled \$5,051,066 representing a 1.78% increase from the previous fiscal year. Some of the more notable decreases in spending are as follows: wages decreased by 2.18% to \$2,285,379; while benefits increased 8.23% to \$767,688; legal fees decreased 3.47% to \$234,847; other contractual services increased 0.29% to \$727,426; commodities increased 1.00% to \$251,751; and insurance decreased 9.11% to \$75,386 in this fiscal year. The Village saw decreases in departmental expenditures in public safety and recreation; while general government, public works, building, and public grounds noted increases in departmental expenditures during the fiscal year.

Business-Type Activities

Revenue from business-type activities totaled \$3,008,678 (\$2,915,777 charges for services; \$2,546 from investment income; and \$90,355 from other income), representing an increase of \$144,189 from the previous fiscal year. Operating revenues in the Water Fund increased \$109,095 to \$1,972,650; while in the Sewer Fund the operating revenues increased \$24,308 to \$495,186 in Fiscal Year 2018. The Refuse and Recycling Fund for FY18 ended the fiscal year with total revenues of \$356,056 an increase of \$10,658. The Commuter Lot Fund operating revenues decreased \$10,016 to \$91,885 in FY18. Fiscal Year 2018 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 \$3,496,820, a \$75,923 increase from the previous fiscal year. In the fiscal year, water purchase expenses increased by \$63,840 or 9.47% due to increased fees for the purchase of water. Water services operational expenses decreased by \$99,517 to \$2,236,434. The Commuter Lot Fund operating expenses decreased \$16,245 to \$66,503. The Sewer Fund operating expenses decreased \$2,506 to \$772,753. The Refuse and Recycling Fund ended the fiscal year with total expenses of \$357,510 an increase of \$3,093 for fiscal year 2018.

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 (2.1% for the 2017 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 increased slightly (the CPI-U was 2.5%) at the end of FY18 compared to the end of FY17’s CPI-U of 2.2%, 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 ending April 30, 2018, the Governmental Funds reflect a combined fund balance of \$2,350,102 which is an increase of \$198,178 or 9.21%, from the prior fiscal year. The General Fund ending fund balance at April 30, 2018 was \$1,350,953 which is an increase of \$32,576. 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 FY18 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 unassigned fund balance represents 27.28% of the Village's General Fund expenditures for FY18. 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 2.28% or \$269,941 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 and it is worth keeping a close watch.

Total revenues for the General Fund of \$4,383,281 was more than the prior fiscal year by \$53,913 or 1.25%. Revenue increases were seen in Intergovernmental, Taxes, Interest, Fines and Forfeitures. Actual General Fund revenues were less than originally budgeted revenues by \$13,717 for the fiscal year. General Fund expenditures were more than originally budgeted by \$126,780. The actual revenue was more than the actual expenditures by \$59,233 prior to other financing sources. Notable differences between the budget and actual numbers for Revenues, Expenditures, and Other Financing Sources are explained below in Table 3.

Operating expenditures increased in Fiscal Year 2018 to \$4,324,048 or \$14,067 more than the prior fiscal year. General Fund expenditures were \$126,780 more than budgeted in the fiscal year. Administration expenditures were more than the prior fiscal year as result of increased wages, benefits, legal fees, consultants, and commodities. Public Safety also noted higher expenditures for insurance, legal fees, and contractual services. Public Affairs also noted significant increases in legal fees. Decreased spending was noted for Public Works, Finance, Building, Public Grounds and the Recreation Departments in Fiscal Year 2018.

**TABLE 3
GENERAL FUND BUDGETARY HIGHLIGHTS**

<i>General Fund</i>	FY18 Budget	FY18 Actual	<i>FY17 Actual</i>	<i>FY16 Actual</i>	<i>FY15 Actual</i>	<i>FY14 Actual</i>
<i>Revenues:</i>						
<i>Taxes</i>	2,052,075	1,969,093	1,916,050	\$ 2,026,927	\$ 2,015,456	\$ 2,021,488
<i>Licenses & Permits</i>	400,615	409,710	426,234	503,771	500,102	372,638
<i>Intergovernmental</i>	1,287,427	1,245,093	1,240,777	1,141,231	1,141,071	1,128,198
<i>Other</i>	656,881	759,385	746,062	745,860	646,849	591,721
Total	4,396,998	4,383,281	4,329,123	4,417,789	4,303,478	4,114,045
<i>Expenditures:</i>						
<i>Current</i>	(4,197,268)	(4,286,513)	(4,263,072)	(4,545,059)	(4,013,993)	(3,889,486)
<i>Capital Outlay</i>	-	(37,535)	(46,909)	(33,343)	(47,301)	(37,569)
<i>Debt Service</i>				-	(312,565)	(258,132)
Total	(4,197,268)	(4,324,048)	(4,309,981)	(4,578,402)	(4,373,859)	(4,185,187)
<i>Other Financing Sources (Uses)</i>						
<i>Transfers In</i>	-	-	-	80,000	85,000	85,000
<i>Transfers Out</i>	(56,175)	(26,657)	(46,737)	(157,231)	(52,510)	(44,110)
<i>Proceeds from Sale of Assets</i>				5,218	-	7,966
Total	(56,175)	(26,657)	(46,737)	(72,013)	32,490	48,856
Net Change in Fund Balance	\$ 143,555	\$ 32,576	\$ (27,595)	\$ (232,626)	\$ (37,891)	\$ (22,286)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2018, the Village had a total of capital assets in the amount of \$22,121,951; 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 several drainage improvement projects paid from the ½ % Sales Tax Fund. One new squad car and a service truck body were purchased in the General Fund. The Sewer and Water Funds purchased an alarm for the scada system, a locating device, and a jetter pump. 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, 2017</i>	<i>Additions/ Deletion</i>	<i>Ending Balance April 30, 2018</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>	4,395,151	37,535	4,432,686
<i>Equipment and Vehicles</i>	1,161,064	40,761	1,201,825
<i>Land Improvements</i>	21,356		21,356
<i>Water Distribution System</i>	18,548,978	29,343	18,578,321
<i>Sewer Distribution System</i>	17,384,154	7,676	17,391,830
<i>Accumulated Depreciation on Capital Assets</i>	(20,093,112)	(1,140,943)	(21,234,055)
<i>TOTAL</i>	<u>\$ 23,147,579</u>	<u>\$ (1,025,628)</u>	<u>\$ 22,121,951</u>

Debt Outstanding

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

- 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, 2018, the balance was \$305,000.
- 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, 2018 was \$19,232.
- 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, 2018, the combined principal balance remaining was \$145,000.
- 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, 2017 was \$1,215,000.

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 \$21,851,383. The Village's total general obligation debt applicable to this limit of \$305,000 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 is dependent on several sources of intergovernmental, or shared state revenue sources, to finance general operations. Although the Village completed the fiscal year in a better position than anticipated, economic conditions remain level. Considering new revenue sources and focusing on the best means of financing projects continues to be a priority for the Village Board.

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 2017 tax year equalized assessed value (EAV) for property taxes payable in 2018 was \$253,349,367 as compared to the 2016 EAV of \$205,826,066. This is a 23.09% increase in the Village's EAV, due to external economic factors and is the first year that the values have included some annexed property into the Village corporate boundaries. 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, 2018**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,366,261	3,227,463	5,593,724
Receivables - Net of Allowances	1,048,337	353,121	1,401,458
Due from Other Governments	11,096	-	11,096
Internal Balances	45,029	(45,029)	-
Prepays/Inventories	166,918	7,935	174,853
Total Current Assets	3,637,641	3,543,490	7,181,131
Noncurrent Assets			
Capital Assets			
Nondepreciable	1,709,988	20,000	1,729,988
Depreciable	5,474,202	36,151,816	41,626,018
Accumulated Depreciation	(2,624,249)	(18,609,806)	(21,234,055)
Total Noncurrent Assets	4,559,941	17,562,010	22,121,951
Total Assets	8,197,582	21,105,500	29,303,082
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	205,582	101,045	306,627
Deferred Items - SLEP	64,210	-	64,210
Deferred Items - Police Pension	949,151	-	949,151
Total Deferred Outflows of Resources	1,218,943	101,045	1,319,988
Total Assets and Deferred Outflows of Resources	9,416,525	21,206,545	30,623,070

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 119,692	142,437	262,129
Accrued Payroll	101,818	17,116	118,934
Accrued Interest	5,402	23,243	28,645
Deposits Payable	163,693	-	163,693
Other Payables	176,501	-	176,501
Current Portion of Long-Term Liabilities	72,139	177,191	249,330
Total Current Liabilities	639,245	359,987	999,232
Noncurrent Liabilities			
Compensated Absences Payable	168,557	31,834	200,391
Net Pension Liability - IMRF	306,517	140,328	446,845
Net Pension Liability - SLEP	42,077	-	42,077
Net Pension Liability - Police Pension	4,203,101	-	4,203,101
General Obligation Bonds/Debt Certificates	275,000	1,210,000	1,485,000
Total Noncurrent Liabilities	4,995,252	1,382,162	6,377,414
Total Liabilities	5,634,497	1,742,149	7,376,646
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	725,835	-	725,835
Deferred Items - IMRF	556,269	254,667	810,936
Deferred Items - SLEP	94,548	-	94,548
Deferred Items - Police Pension	550,358	-	550,358
Total Deferred Inflows of Resources	1,927,010	254,667	2,181,677
Total Liabilities and Deferred Inflows of Resources	7,561,507	1,996,816	9,558,323
NET POSITION			
Net Investment in Capital Assets	4,254,941	16,182,778	20,437,719
Restricted - Beautification	3,770	-	3,770
Restricted - McCord	645	-	645
Restricted - Highways and Streets	360,895	-	360,895
Restricted - Capital Projects	129,464	-	129,464
Restricted - Public Infrastructure Improvements	517,142	-	517,142
Unrestricted (Deficit)	(3,411,839)	3,026,951	(384,888)
Total Net Position	1,855,018	19,209,729	21,064,747

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, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 895,776	409,710	-	-
Public Safety	2,512,388	140,327	-	-
Public Works	603,189	-	123,759	-
Building and Public Grounds	565,910	-	-	-
Culture and Recreation	459,347	164,345	-	-
Interest on Long-Term Debt	14,456	-	-	-
Total Governmental Activities	5,051,066	714,382	123,759	-
Business-Type Activities				
Water	2,294,997	1,972,650	-	-
Sewer Maintenance	777,810	495,186	-	-
Refuse and Recycling	357,510	356,056	-	-
Commuter Parking Lot	66,503	91,885	-	-
Total Business-Type Activities	3,496,820	2,915,777	-	-
Total Primary Government	8,547,886	3,630,159	123,759	-

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

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Primary Government		
Net (Expense)/Revenue		
Governmental Activities	Business-Type Activities	Totals
(486,066)	-	(486,066)
(2,372,061)	-	(2,372,061)
(479,430)	-	(479,430)
(565,910)	-	(565,910)
(295,002)	-	(295,002)
(14,456)	-	(14,456)
(4,212,925)	-	(4,212,925)
-	(322,347)	(322,347)
-	(282,624)	(282,624)
-	(1,454)	(1,454)
-	25,382	25,382
-	(581,043)	(581,043)
(4,212,925)	(581,043)	(4,793,968)
1,340,768	-	1,340,768
199,931	-	199,931
421,304	-	421,304
207,021	-	207,021
805,558	-	805,558
439,535	-	439,535
43,014	2,546	45,560
496,227	90,355	586,582
3,953,358	92,901	4,046,259
(259,567)	(488,142)	(747,709)
2,114,585	19,697,871	21,812,456
1,855,018	19,209,729	21,064,747

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

VILLAGE OF PALOS PARK, ILLINOIS**Balance Sheet - Governmental Funds
April 30, 2018**

	General	Nonmajor	Totals
ASSETS			
Cash and Investments	\$ 1,241,616	1,124,645	2,366,261
Receivables - Net of Allowances			
Taxes	952,241	46,415	998,656
Accounts	25,229	-	25,229
Other	24,452	-	24,452
Due from Other Governments	-	11,096	11,096
Due from Other Funds	45,029	-	45,029
Prepays	166,918	-	166,918
Total Assets	<u>2,455,485</u>	<u>1,182,156</u>	<u>3,637,641</u>
LIABILITIES			
Accounts Payable	113,186	6,506	119,692
Accrued Payroll	101,818	-	101,818
Deposits Payable	163,693	-	163,693
Other Payables		176,501	176,501
Total Liabilities	<u>378,697</u>	<u>183,007</u>	<u>561,704</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	725,835	-	725,835
Total Liabilities and Deferred Inflows of Resources	<u>1,104,532</u>	<u>183,007</u>	<u>1,287,539</u>
FUND BALANCES			
Nonspendable	166,918	-	166,918
Restricted	4,415	1,007,501	1,011,916
Assigned	-	24,089	24,089
Unassigned	1,179,620	(32,441)	1,147,179
Total Fund Balances	<u>1,350,953</u>	<u>999,149</u>	<u>2,350,102</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>2,455,485</u>	<u>1,182,156</u>	<u>3,637,641</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, 2018

Total Governmental Fund Balances	\$ 2,350,102
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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.	4,559,941
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(350,687)
Deferred Items - SLEP	(30,338)
Deferred Items - Police Pension	398,793

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(210,696)
Net Pension Liability - IMRF	(306,517)
Net Pension Liability - SLEP	(42,077)
Net Pension Liability - Police Pension	(4,203,101)
Debt Certificates Payable	(305,000)
Accrued Interest Payable	<u>(5,402)</u>

Net Position of Governmental Activities	<u>1,855,018</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, 2018**

	General	Nonmajor	Totals
Revenues			
Taxes	\$ 1,969,093	199,931	2,169,024
Intergovernmental	1,245,093	123,759	1,368,852
Licenses and Permits	409,710	-	409,710
Charges for Services	164,345	-	164,345
Fines and Forfeitures	102,232	38,095	140,327
Interest	31,249	11,765	43,014
Miscellaneous	461,559	34,668	496,227
Total Revenues	4,383,281	408,218	4,791,499
Expenditures			
Current			
General Government	705,120	-	705,120
Public Safety	2,193,191	8,625	2,201,816
Public Works	529,386	56,249	585,635
Building and Grounds	409,735	1,420	411,155
Culture and Recreation	449,081	22,563	471,644
Capital Outlay	37,535	135,450	172,985
Debt Service			
Principal Retirement	-	30,000	30,000
Interest and Fiscal Charges	-	14,966	14,966
Total Expenditures	4,324,048	269,273	4,593,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,233	138,945	198,178
Other Financing Sources (Uses)			
Transfers In	-	36,331	36,331
Transfers Out	(26,657)	(9,674)	(36,331)
	(26,657)	26,657	-
Net Change in Fund Balances	32,576	165,602	198,178
Fund Balances - Beginning	1,318,377	833,547	2,151,924
Fund Balances - Ending	1,350,953	999,149	2,350,102

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, 2018

Net Change in Fund Balances - Total Governmental Funds **\$ 198,178**

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	78,296
Depreciation Expense	(175,188)

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

Change in Deferred Items - IMRF	(634,205)
Change in Deferred Items - SLEP	(16,187)
Change in Deferred Items - Police Pension	54,422

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	(5,377)
Deductions to Net Pension Liability - IMRF	547,031
Deductions to Net Pension Liability - SLEP	32,788
(Additions) to Net Pension Liability - Police Pension	(369,835)
Retirement of Debt	30,000

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.

510

Changes in Net Position of Governmental Activities

(259,567)

VILLAGE OF PALOS PARK, ILLINOIS

**Statement of Net Position - Proprietary Funds
April 30, 2018**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor Commuter Parking Lot	
ASSETS					
Current Assets					
Cash and Investments	\$ 1,887,237	1,253,133	-	87,093	3,227,463
Receivables - Net of Allowances					
Accounts	240,871	51,072	61,178	-	353,121
Prepays	3,847	3,367	-	721	7,935
Total Current Assets	2,131,955	1,307,572	61,178	87,814	3,588,519
Noncurrent Assets					
Capital Assets					
Nondepreciable	20,000	-	-	-	20,000
Depreciable	18,738,630	17,391,830	-	21,356	36,151,816
Accumulated Depreciation	(9,197,608)	(9,410,062)	-	(2,136)	(18,609,806)
Total Noncurrent Assets	9,561,022	7,981,768	-	19,220	17,562,010
Total Assets	11,692,977	9,289,340	61,178	107,034	21,150,529
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	75,813	25,232	-	-	101,045
Total Assets and Deferred Outflows of Resources	11,768,790	9,314,572	61,178	107,034	21,251,574

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

	Business-Type Activities - Enterprise				
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor	Totals
				Commuter Parking Lot	
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 107,819	4,294	29,579	745	142,437
Accrued Payroll	12,420	4,696	-	-	17,116
Accrued Interest	21,872	1,371	-	-	23,243
Due to Other Funds	-	-	45,029	-	45,029
Current Portion of					
Long-Term Debt	136,811	40,380	-	-	177,191
Total Current Liabilities	278,922	50,741	74,608	745	405,016
Noncurrent Liabilities					
Compensated Absences Payable	23,259	8,575	-	-	31,834
Net Pension Liability - IMRF	105,286	35,042	-	-	140,328
General Obligation Bonds	1,166,836	43,164	-	-	1,210,000
Total Noncurrent Liabilities	1,295,381	86,781	-	-	1,382,162
Total Liabilities	1,574,303	137,522	74,608	745	1,787,178
DEFERRED INFLOWS OF RESOURCES					
Deferred Items - IMRF	191,073	63,594	-	-	254,667
Total Liabilities and Deferred Inflows of Resources	1,765,376	201,116	74,608	745	2,041,845
NET POSITION					
Net Investment in Capital Assets	8,263,190	7,900,368	-	19,220	16,182,778
Unrestricted (Deficit)	1,740,224	1,213,088	(13,430)	87,069	3,026,951
Total Net Position	10,003,414	9,113,456	(13,430)	106,289	19,209,729

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, 2018**

	Business-Type Activities - Enterprise				Totals
	Water	Sewer Maintenance	Refuse and Recycling	Nonmajor Commuter Parking Lot	
Operating Revenues					
Charges for Services	\$ 1,967,663	493,554	356,056	91,885	2,909,158
Sale of Water Meters	3,810	-	-	-	3,810
Miscellaneous	1,177	1,632	-	-	2,809
Total Operating Revenues	1,972,650	495,186	356,056	91,885	2,915,777
Operating Expenses					
Personnel	531,619	178,979	-	-	710,598
Commodities	81,672	23,455	-	(7,571)	97,556
Water Purchases	737,708	-	-	-	737,708
Services	387,009	104,126	357,510	72,938	921,583
Depreciation	498,426	466,193	-	1,136	965,755
Total Operating Expenses	2,236,434	772,753	357,510	66,503	3,433,200
Operating Income (Loss)	(263,784)	(277,567)	(1,454)	25,382	(517,423)
Nonoperating Revenues (Expenses)					
Interest Income	1,871	404	-	271	2,546
Rental Income	19,000	-	-	-	19,000
Tap-On Fees	33,629	37,726	-	-	71,355
Interest Expense	(58,563)	(5,057)	-	-	(63,620)
	(4,063)	33,073	-	271	29,281
Income (Loss) Before Transfers	(267,847)	(244,494)	(1,454)	25,653	(488,142)
Transfers In	-	30,000	-	-	30,000
Transfers Out	(30,000)	-	-	-	(30,000)
	(30,000)	30,000	-	-	-
Change in Net Position	(297,847)	(214,494)	(1,454)	25,653	(488,142)
Net Position - Beginning	10,301,261	9,327,950	(11,976)	80,636	19,697,871
Net Position - Ending	10,003,414	9,113,456	(13,430)	106,289	19,209,729

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, 2018**

	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	\$ 2,034,796	541,668	354,737	92,359	3,023,560
Payments to Suppliers	(1,318,308)	(186,715)	(354,737)	(77,696)	(1,937,456)
Payments to Employees	(368,862)	(127,437)	-	-	(496,299)
	<u>347,626</u>	<u>227,516</u>	<u>-</u>	<u>14,663</u>	<u>589,805</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	-	30,000	-	-	30,000
Transfers Out	(30,000)	-	-	-	(30,000)
	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(29,343)	(7,676)	-	-	(37,019)
Principal Retirement	(143,510)	(39,200)	-	-	(182,710)
Interest Expense	(58,563)	(5,057)	-	-	(63,620)
	<u>(231,416)</u>	<u>(51,933)</u>	<u>-</u>	<u>-</u>	<u>(283,349)</u>
Cash Flows from Investing Activities					
Interest Income	1,871	404	-	271	2,546
Net Change in Cash and Cash Equivalents	88,081	205,987	-	14,934	309,002
Cash and Cash Equivalents - Beginning	1,799,156	1,047,146	-	72,159	2,918,461
Cash and Cash Equivalents - Ending	<u>1,887,237</u>	<u>1,253,133</u>	<u>-</u>	<u>87,093</u>	<u>3,227,463</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(263,784)	(277,567)	(1,454)	25,382	(517,423)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	498,426	466,193	-	1,136	965,755
Other Income (Expense)	52,629	37,726	-	-	90,355
(Increase) Decrease in Current Assets	9,517	8,756	(1,319)	474	17,428
Increase (Decrease) in Current Liabilities	50,838	(7,592)	2,773	(12,329)	33,690
Net Cash Provided by Operating Activities	<u>347,626</u>	<u>227,516</u>	<u>-</u>	<u>14,663</u>	<u>589,805</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, 2018

	Pension Trust	
	Police	Agency
	Pension	
ASSETS		
Cash and Cash Equivalents	\$ 65,837	1,589,162
Investments		
U.S. Agency Obligations	748,727	-
Municipal Bonds	140,760	-
Corporate Bonds	694,689	-
Mutual Funds	1,354,683	-
Receivables		
Accrued Interest	17,268	-
Total Assets	3,021,964	<u>1,589,162</u>
LIABILITIES		
Due to Bondholders	-	<u>1,589,162</u>
NET POSITION		
Net Position Restricted for Pensions	<u>3,021,964</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, 2018**

	<u>Pension Trust Police Pension</u>
Additions	
Contributions - Employer	\$ 250,000
Contributions - Plan Members	65,873
Total Contributions	<u>315,873</u>
Investment Earnings	
Interest Earned	121,760
Net Change in Fair Value	<u>(3,410)</u>
	118,350
Less Investment Expenses	<u>(9,420)</u>
Net Investment Income	<u>108,930</u>
Total Additions	<u>424,803</u>
Deductions	
Administration	1,856
Benefits and Refunds	<u>176,031</u>
Total Deductions	<u>177,887</u>
Change in Fiduciary Net Position	246,916
Net Position - Beginning	<u>2,775,048</u>
Net Position - Ending	<u><u>3,021,964</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, 2018

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 Trustees 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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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

Receivables

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

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

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. 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, 2018

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 of 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, 2018**

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. During the year, no supplementary appropriations were necessary.
- 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:

Fund	Excess
General	\$ 126,780
Police Forfeiture	5,952
Police Pension	19,731

DEFICIT FUND BALANCE/NET POSITION

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

Fund	Deficit
Police Forfeiture	\$ 32,441
Refuse and Reclwing	13,430

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2018

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, 2018

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. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold. The Illinois Funds is not registered with the SEC as an Investment Company.

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 \$3,754,010 and the bank balances totaled \$5,419,692. In addition, the Village had \$1,624,798 invested in Illinois Funds and \$214,916 invested in IMET, which are measured at the net asset value of the pools.

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. At year-end, the Village's investment in the Illinois Fund and IMET have an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village'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 AAAs, respectively, by Standard & Poor's.

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, 2018, the Village's investment in Illinois Funds is not in compliance with the guidelines outlined above in the Village's investment policy as it represents 57% of the total cash and investment portfolio.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2018

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

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 receipt 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 \$65,837 and the bank balances totaled \$65,837.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Agency Obligations	\$ 748,727	85,833	242,273	420,621	-
Municipal Bonds	140,760	40,354	100,406	-	-
Corporate Bonds	694,689	117,018	363,930	213,741	-
	1,584,176	243,205	706,609	634,362	-

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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

Investments – Continued. The Fund has the following recurring fair value measurements as of April 30, 2018:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Agency Obligations	\$ 748,727	-	748,727	-
Municipal Bonds	140,760	-	140,760	-
Corporate Bonds	694,689	694,689	-	-
	1,584,176	694,689	889,487	-
Equity Securities				
Mutual Funds	1,354,683	1,354,683	-	-
	2,938,859	2,049,372	889,487	-

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

Interest Rate Risk. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by 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 Fund may invest in any type of investment instrument permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.1 through 113.4(a). The U.S. agency obligations were not rated. The municipal and corporate bonds are rated BBB to AA+ by Standard and Poor's were not rated.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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

Custodial Credit Risk. For deposits, the Fund’s investment policy requires all deposits in excess of FDIC insurable limits (applies to bank Certificates of Deposit) be secured by collateral in order to protect deposits from default. The 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 party 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. The average maturity of the portfolio will be managed based upon the current existing interest rate environment. Under most circumstances the maturity/modified duration of the portfolio will be maintained at approximately 5.0 years and will range from 1.0 years to 7.0 years. The investment manager may change the duration of the portfolio as the market conditions permit. 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 \$1,354,683 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of the net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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	88.50%	4.30% - 6.50%
Equities	10.00%	3.80% -12.30%
Cash and Cash Equivalents	1.50%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% of the total fund.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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. 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 2018 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, 2018 are listed in the table above.

Rate of Return

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.94%. 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 2017 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.

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:

Transfer In	Transfer Out	Amount
Nonmajor Governmental	General	\$ 26,657 (2)
Nonmajor Governmental	Nonmajor Governmental	9,674 (1)
Sewer Maintenance	Water	<u>30,000 (1)</u>
		<u><u>66,331</u></u>

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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	4,395,151	37,535	-	4,432,686
Vehicles and Equipment	1,000,755	40,761	-	1,041,516
	<u>5,395,906</u>	<u>78,296</u>	<u>-</u>	<u>5,474,202</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,674,682	111,935	-	1,786,617
Vehicles and Equipment	774,379	63,253	-	837,632
	<u>2,449,061</u>	<u>175,188</u>	<u>-</u>	<u>2,624,249</u>
Total Net Depreciable Capital Assets	<u>2,946,845</u>	<u>(96,892)</u>	<u>-</u>	<u>2,849,953</u>
Total Net Capital Assets	<u>4,656,833</u>	<u>(96,892)</u>	<u>-</u>	<u>4,559,941</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 98,105
Public Safety	40,293
Public Works	29,782
Culture and Recreation	<u>7,008</u>
	<u>175,188</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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				
Land Improvements	21,356	-	-	21,356
Vehicles	160,309	-	-	160,309
Water Distribution System	18,548,978	29,343	-	18,578,321
Sewer Distribution System	17,384,154	7,676	-	17,391,830
	<u>36,114,797</u>	<u>37,019</u>	<u>-</u>	<u>36,151,816</u>
Less Accumulated Depreciation				
Land Improvements	1,000	1,136	-	2,136
Vehicles	114,919	19,601	-	134,520
Water Distribution System	8,584,263	478,825	-	9,063,088
Sewer Distribution System	8,943,869	466,193	-	9,410,062
	<u>17,644,051</u>	<u>965,755</u>	<u>-</u>	<u>18,609,806</u>
Total Net Depreciable Capital Assets	<u>18,470,746</u>	<u>(928,736)</u>	<u>-</u>	<u>17,542,010</u>
Total Net Capital Assets	<u>18,490,746</u>	<u>(928,736)</u>	<u>-</u>	<u>17,562,010</u>

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

Water	\$ 498,426
Sewer Maintenance	466,193
Commuter Parking Lot	<u>1,136</u>
	<u>965,755</u>

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2018

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.	\$ 110,000	-	35,000	75,000
\$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.	105,000	-	35,000	70,000
\$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.	1,290,000	-	75,000	1,215,000
	<u>1,505,000</u>	<u>-</u>	<u>145,000</u>	<u>1,360,000</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 governmental activities. 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.	\$ 335,000	-	30,000	305,000

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 \$1,584 at April 30, 2018. Special Assessment 96-1B has a remaining public benefit portion of \$17,648 at April 30, 2018. Debt service to maturity on these two obligations is as follows:

Fiscal Year	Principal	Interest
2019	\$ 19,232	931

Special assessment bonds outstanding as of April 30, 2018 totaled \$512,248. 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, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 205,319	10,754	5,377	210,696	42,139
Net Pension Liability - IMRF	853,548	-	547,031	306,517	-
Net Pension Liability - SLEP	74,865	-	32,788	42,077	-
Net Pension Liability - Police Pension	3,833,266	369,835	-	4,203,101	-
Debt Certificates	335,000	-	30,000	305,000	30,000
	<u>5,301,998</u>	<u>380,589</u>	<u>615,196</u>	<u>5,067,391</u>	<u>72,139</u>
Business-Type Activities					
Compensated Absences	38,913	1,760	880	39,793	7,959
Net Pension Liability - IMRF	369,404	-	229,076	140,328	-
General Obligation Bonds	1,505,000	-	145,000	1,360,000	150,000
Special Assessment Bonds Payable	56,942	-	37,710	19,232	19,232
	<u>1,970,259</u>	<u>1,760</u>	<u>412,666</u>	<u>1,559,353</u>	<u>177,191</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.

Additionally, for business-type activities, the compensated absences and net pension liability are generally liquidated by the Water and Sewer Maintenance Funds. The general obligation bonds are being liquidated by the Water and Sewer Maintenance Funds. The Water Fund makes payments on the special assessment bonds payable.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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	Governmental Activities		Business-Type Activities	
	Debt		General Obligation	
	Principal	Interest	Principal	Interest
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	49,074
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	305,000	62,564	1,360,000	371,096

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 - 2017	<u>\$ 253,349,367</u>
Legal Debt Limit - 8.625% of Assessed Value	21,851,383
Amount of Debt Applicable to Limit	<u>305,000</u>
Legal Debt Margin	<u>21,546,383</u>

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION

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.

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

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

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

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

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

Minimum Fund Balance Policy. The Villages policy manual states that the General Fund should maintain a minimum fund balance equal to 25% of budgeted operating expenditures.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION - Continued

Fund Balance Classifications - Continued

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

	<u>General</u>	<u>Nonmajor</u>	<u>Totals</u>
Fund Balances			
Nonspendable			
Prepays	\$ 166,918	-	166,918
Restricted			
Beautification	3,770	-	3,770
McCord	645	-	645
Highways and Streets	-	360,895	360,895
Capital Projects	-	129,464	129,464
Public Infrastructure Improvements	-	517,142	517,142
	<u>4,415</u>	<u>1,007,501</u>	<u>1,011,916</u>
Assigned			
Fine Arts	-	24,089	24,089
Land Acquisition and Recreation	-	-	-
	<u>-</u>	<u>24,089</u>	<u>24,089</u>
Unassigned	<u>1,179,620</u>	<u>(32,441)</u>	<u>1,147,179</u>
Total Fund Balances	<u>1,350,953</u>	<u>999,149</u>	<u>2,350,102</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2018:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 4,559,941
Less Capital Related Debt:	
Debt Certificates of 2006	<u>(305,000)</u>
Net Investment in Capital Assets	<u>4,254,941</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	17,562,010
Less Capital Related Debt:	
General Obligation Alternate Revenue Bonds of 2004	(75,000)
General Obligation Alternate Revenue Bonds of 2005	(70,000)
General Obligation Alternate Revenue Bonds of 2010	(1,215,000)
Special Assessment Bonds Payable	<u>(19,232)</u>
Net Investment in Capital Assets	<u>16,182,778</u>

NOTE 4 – OTHER INFORMATION

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, 2018

NOTE 4 – OTHER INFORMATION – Continued

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.

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.

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, there is minimal participation. As the Village provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2018.

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2018

NOTE 4 – OTHER INFORMATION – 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 cost-sharing 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. The Village is in cost-sharing arrangement with the Palos Park Library for the IMRF 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 Fund (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, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

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, 2017, the measurement date, the following employees were covered by the benefit terms:

	IMRF		SLEP
	Village	Library	
Inactive Plan Members Currently Receiving Benefits	30	2	-
Inactive Plan Members Entitled to but not yet Receiving Benefits	30	0	-
Active Plan Members	27	7	1
Totals	87	9	1

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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. For the year-ended April 30, 2018, the Village's contribution was 12.11% of covered payroll for the Regular Plan and 16.45% for the SLEP Plan.

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

IMRF		SLEP	
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	7.50%	Interest Rate	7.50%
Salary Increases	3.39% - 14.25%	Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%	Cost of Living Adjustments	2.50%
Inflation	2.50%	Inflation	2.50%

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

VILLAGE OF PALOS PARK, ILLINOIS

Notes to the Financial Statements

April 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for both the Regular Plan and the SLEP Plan, same as in 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.

Discount Rate Sensitivity

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

	IMRF		
	Current		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability			
Village	\$ 1,378,202	446,845	(330,386)
Library	180,314	58,462	(43,225)
Totals	1,558,516	505,307	(373,611)
	SLEP		
	Current		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 129,535	42,077	(31,704)

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	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, 2016	\$ 8,759,537	7,370,480	1,389,057	589,403	514,538	74,865
Changes for the Year:						
Service Cost	184,441	-	184,441	23,049	-	23,049
Interest on the Total Pension Liability	646,644	-	646,644	45,070	-	45,070
Difference Between Expected and Actual Experience of the Total Pension Liability	(57,978)	-	(57,978)	(8,779)	-	(8,779)
Changes of Assumptions	(297,962)	-	(297,962)	9,106	-	9,106
Contributions - Employer	-	194,102	(194,102)	-	20,175	(20,175)
Contributions - Employees	-	72,910	(72,910)	-	9,165	(9,165)
Net Investment Income	-	1,336,629	(1,336,629)	-	74,211	(74,211)
Benefit Payments, including Refunds of Employee Contributions	(459,664)	(459,664)	-	-	-	-
Other (Net Transfer)	-	(244,746)	244,746	-	(2,317)	2,317
Net Changes	15,481	899,231	(883,750)	68,446	101,234	(32,788)
Balances at December 31, 2017	8,775,018	8,269,711	505,307	657,849	615,772	42,077
Village	7,671,478	7,224,633	446,845			
Library	1,103,540	1,045,078	58,462			
Totals	8,775,018	8,269,711	505,307			

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

For the year ended April 30, 2018, the Village recognized pension expense of \$316,061 for the regular plan and a pension revenue of \$3,655 for the SLEP Plan and the Library recognized pension expense of \$28,105 for the regular plan. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

	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	\$ 67,744	(47,252)	20,492	35,123	(63,674)	(28,551)
Change in Assumptions	1,379	(229,585)	(228,206)	8,837	(2,257)	6,580
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	221,454	(640,196)	(418,742)	14,062	(28,617)	(14,555)
	290,577	(917,033)	(626,456)	58,022	(94,548)	(36,526)
Pension Contributions Made Subsequent to the Measurement Date	64,797	-	64,797	6,188	-	6,188
Total Deferred Amounts Related to IMRF/SLEP	355,374	(917,033)	(561,659)	64,210	(94,548)	(30,338)
Village	306,627	(810,936)	(504,309)			
Library	48,747	(106,097)	(57,350)			
Totals	355,374	(917,033)	(561,659)			

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 Inflows of Resources			Net Deferred Outflows/(Inflows) of Resources
	Village	Library	Totals	
2019	\$ (108,457)	(14,190)	(122,647)	(18,013)
2020	(115,824)	(15,154)	(130,978)	(8,414)
2021	(188,164)	(24,618)	(212,782)	(3,303)
2022	(141,532)	(18,517)	(160,049)	(6,873)
2023	-	-	-	50
Thereafter	-	-	-	27
Total	(553,977)	(72,479)	(626,456)	(36,526)

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 Police Pension Plan as a pension trust fund. The Police Pension Plan 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, 2018, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	3
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>7</u>
Total	<u><u>11</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, 2018

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 of 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, 2018, the Village's contribution was 37.61% of covered payroll.

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

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.00%
Salary Increases	2.50% - 20.75%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the Independent Actuary Assumption Study for Police 2016. These rates are experience weighted with the raw rates as developed in the RP-2014 study, with blue collar adjustment and improved generationally using MP-2016 improvement rates.

Discount Rate

A Single Discount Rate of 5.57% was used to measure the total pension liability and the prior year the discount rate of 6.00% was used. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.00%, the municipal bond rate is 3.97%, and the resulting single discount rate is 5.57%.

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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 (4.57%)	Current Discount Rate (5.57%)	1% Increase (6.57%)
Net Pension Liability	\$ 5,500,287	4,203,101	3,176,778

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2017	\$ 6,608,314	2,775,048	3,833,266
Changes for the Year:			
Service Cost	266,270	-	266,270
Interest on the Total Pension Liability	391,218	-	391,218
Difference Between Expected and Actual Experience of the Total Pension Liability	(454,778)	-	(454,778)
Changes of Assumptions	590,072	-	590,072
Contributions - Employer	-	250,000	(250,000)
Contributions - Employees	-	65,873	(65,873)
Net Investment Income	-	108,930	(108,930)
Benefit Payments, including Refunds of Employee Contributions	(176,031)	(176,031)	-
Other (Net Transfer)	-	(1,856)	1,856
Net Changes	616,751	246,916	369,835
Balances at April 30, 2018	7,225,065	3,021,964	4,203,101

VILLAGE OF PALOS PARK, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

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, 2018, the Village recognized pension expense of \$565,412. At April 30, 2018, 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	\$ 84,677	(395,174)	(310,497)
Change in Assumptions	749,922	(155,184)	594,738
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	114,552	-	114,552
Total Deferred Amounts Related to Police Pension	<u>949,151</u>	<u>(550,358)</u>	<u>398,793</u>

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

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2019	\$ 142,584
2020	142,583
2021	89,823
2022	2,225
2023	(7,324)
Thereafter	<u>28,902</u>
Total	<u>398,793</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Employer Contributions
 - Illinois Municipal Retirement Fund
 - 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, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 183,004	\$ 183,004	\$ -	\$ 1,419,733	12.89%
2017	214,408	213,299	(1,109)	1,648,028	12.94%
2018	Village 177,511 Library 23,224	177,511 23,224	- -	1,465,900 191,787	12.11% 12.11%
Totals	200,735	200,735	-	1,657,687	12.11%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

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

VILLAGE OF PALOS PARK, ILLINOIS

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 19,269	\$ 19,269	\$ -	\$ 116,504	16.54%
2017	20,362	20,362	-	119,217	17.08%
2018	20,256	20,256	-	123,123	16.45%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

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

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2018**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 173,069	\$ 175,000	\$ 1,931	\$ 645,111	27.13%
2016	175,000	200,000	25,000	762,167	26.24%
2017	270,351	200,000	(70,351)	628,629	31.82%
2018	343,328	250,000	(93,328)	664,715	37.61%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	Market
Inflation	2.50%
Salary Increases	2.50% - 20.75%
Investment Rate of Return	6.00%
Retirement Age	50-70
Mortality	Independent Actuary Assumption Study for Police 2016

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

VILLAGE OF PALOS PARK, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2018

	<u>2016</u>
Total Pension Liability	
Service Cost	\$ 181,160
Interest	588,818
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(36,646)
Change of Assumptions	9,638
Benefit Payments, Including Refunds of Member Contributions	<u>(460,752)</u>
Net Change in Total Pension Liability	282,218
Total Pension Liability - Beginning	<u>8,011,698</u>
Total Pension Liability - Ending	<u><u>8,293,916</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 209,915
Contributions - Members	83,557
Net Investment Income	34,452
Benefit Payments, Including Refunds of Member Contributions	(460,752)
Administrative Expense	<u>78,735</u>
Net Change in Plan Fiduciary Net Position	(54,093)
Plan Net Position - Beginning	<u>6,974,076</u>
Plan Net Position - Ending	<u><u>6,919,983</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,373,933</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.43%
Covered Payroll	\$ 1,419,733
Employer's Net Pension Liability as a Percentage of Covered Payroll	96.77%

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

2017	2018		
	Village	Library	Totals
188,788	163,102	21,339	184,441
609,681	571,830	74,814	646,644
-	-	-	-
150,764	(45,873)	(12,105)	(57,978)
(30,456)	(263,489)	(34,473)	(297,962)
(453,156)	(406,483)	(53,181)	(459,664)
465,621	19,087	(3,606)	15,481
8,293,916	7,652,391	1,107,146	8,759,537
8,759,537	7,671,478	1,103,540	8,775,018
213,299	171,645	22,457	194,102
74,642	64,475	8,435	72,910
472,600	1,181,987	154,642	1,336,629
(453,156)	(406,483)	(53,181)	(459,664)
143,112	(216,430)	(28,316)	(244,746)
450,497	795,194	104,037	899,231
6,919,983	6,429,439	941,041	7,370,480
7,370,480	7,224,633	1,045,078	8,269,711
1,389,057	446,845	58,462	505,307
84.14%	94.18%	94.70%	94.24%
1,450,955	1,432,772	187,453	1,620,225
95.73%	31.19%	31.19%	31.19%

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, 2018**

	<u>2016</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 Liability	<u><u>\$ 87,085</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.48%
Covered Payroll	\$ 116,504
Employer's Net Pension Liability as a Percentage of Covered Payroll	74.75%

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

2017	2018
22,956	23,049
48,785	45,070
-	-
(121,692)	(8,779)
(4,883)	9,106
-	-
(54,834)	68,446
644,237	589,403
589,403	657,849
20,362	20,175
8,941	9,165
40,231	74,211
-	-
(112,148)	(2,317)
(42,614)	101,234
557,152	514,538
514,538	615,772
74,865	42,077
87.30%	93.60%
119,217	122,198
62.80%	34.43%

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2018

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 198,253
Interest	290,630
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(115,751)</u>
Net Change in Total Pension Liability	373,132
Total Pension Liability - Beginning	<u>4,901,706</u>
Total Pension Liability - Ending	<u><u>5,274,838</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	175,000
Contributions - Members	63,574
Net Investment Income	75,014
Benefit Payments, Including Refunds of Member Contributions	(115,751)
Administrative Expense	<u>-</u>
Net Change in Plan Fiduciary Net Position	197,837
Plan Net Position - Beginning	<u>2,131,652</u>
Plan Net Position - Ending	<u><u>2,329,489</u></u>
Employer's Net Pension Liability	<u><u>2,945,349</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.16%
Covered Payroll	\$ 645,111
Employer's Net Pension Liability as a Percentage of Covered Payroll	456.56%

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

2016	2017	2018
208,166	251,198	266,270
312,935	374,757	391,218
-	-	-
139,203	26,392	(454,778)
500,727	(218,530)	590,072
(118,504)	(142,868)	(176,031)
1,042,527	290,949	616,751
5,274,838	6,317,365	6,608,314
6,317,365	6,608,314	7,225,065
200,000	200,000	250,000
74,670	75,391	65,873
49,037	110,855	108,930
(118,504)	(142,868)	(176,031)
(1,642)	(1,380)	(1,856)
203,561	241,998	246,916
2,329,489	2,533,050	2,775,048
2,533,050	2,775,048	3,021,964
3,784,315	3,833,266	4,203,101
40.10%	41.99%	41.83%
762,167	628,629	664,715
496.52%	609.78%	632.32%

VILLAGE OF PALOS PARK, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2018**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	3.62%
2016	2.07%
2017	4.25%
2018	3.94%

Note: This schedule is intended to show information for ten years. Information for additional years 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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		
	Original and Final Budget	Actual	4/30/17 Actual
	Revenues		
Taxes	\$ 2,052,075	1,969,093	1,916,050
Intergovernmental	1,287,427	1,245,093	1,240,777
Licenses and Permits	400,615	409,710	426,234
Charges for Services	153,950	164,345	219,006
Fines and Forfeitures	74,666	102,232	74,844
Interest	13,900	31,249	16,636
Miscellaneous	414,365	461,559	435,821
Total Revenues	<u>4,396,998</u>	<u>4,383,281</u>	<u>4,329,368</u>
Expenditures			
General Government	596,193	705,120	661,854
Public Safety	2,160,664	2,193,191	2,160,873
Public Works	548,288	529,386	503,033
Building and Public Grounds	437,677	409,735	433,383
Culture and Recreation	454,446	449,081	503,929
Capital Outlay	-	37,535	46,909
Total Expenditures	<u>4,197,268</u>	<u>4,324,048</u>	<u>4,309,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	199,730	59,233	19,387
Other Financing (Uses)			
Transfers Out	(56,175)	(26,657)	(46,737)
Net Change in Fund Balance	<u>143,555</u>	32,576	(27,350)
Fund Balance - Beginning		<u>1,318,377</u>	<u>1,345,727</u>
Fund Balance - Ending		<u>1,350,953</u>	<u>1,318,377</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 – Major 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 is used to account 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 FUNDS

Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by proprietary 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, 2018

(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)

	4/30/18		4/30/17 Actual
	Original and Final Budget	Actual	
Taxes			
Property Taxes	\$ 1,432,925	1,340,768	1,311,952
Utility Taxes	438,450	421,304	442,015
Other Taxes	180,700	207,021	162,083
Total Taxes	<u>2,052,075</u>	<u>1,969,093</u>	<u>1,916,050</u>
Intergovernmental			
State Income Tax	489,547	439,535	458,162
Sales Tax	797,880	805,558	782,615
Total Intergovernmental	<u>1,287,427</u>	<u>1,245,093</u>	<u>1,240,777</u>
Licenses and Permits	<u>400,615</u>	<u>409,710</u>	<u>426,234</u>
Charges for Services	<u>153,950</u>	<u>164,345</u>	<u>219,006</u>
Fines and Forfeitures	<u>74,666</u>	<u>102,232</u>	<u>74,844</u>
Interest	<u>13,900</u>	<u>31,249</u>	<u>16,636</u>
Miscellaneous			
Fees by Agreement	263,275	256,345	245,002
Miscellaneous	151,090	205,214	190,819
Total Miscellaneous	<u>414,365</u>	<u>461,559</u>	<u>435,821</u>
Total Revenues	<u><u>4,396,998</u></u>	<u><u>4,383,281</u></u>	<u><u>4,329,368</u></u>

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17 Actual
	Original and Final Budget	Actual	
General Government			
Administration			
Wages	\$ 300,535	301,571	287,599
Benefits	72,873	79,552	70,521
Insurance	3,830	9,154	3,850
Legal Fees	55,000	57,771	47,147
Consultants, Engineers and Planners	7,000	2,622	5,934
Other Contractual Services	36,950	46,055	47,078
Commodities	35,550	45,198	42,976
Public Affairs			
Benefits	-	6,248	-
Insurance	365	872	327
Legal Fees	40,000	112,209	121,399
Consultants, Engineers and Planners	20,000	31,824	12,323
Other Contractual Services	10,100	(2,003)	23,124
Commodities	3,300	2,130	2,852
Finance			
Wages	85,005	84,656	82,053
Benefits	24,531	22,387	22,860
Insurance	1,277	3,051	1,283
Legal Fees	2,000	382	2,014
Consultants, Engineers and Planners	51,965	50,411	48,419
Commodities	2,600	4,066	3,216
Other			
Other Contractual Services	2,500	6,152	6,067
	<u>755,381</u>	<u>864,308</u>	<u>831,042</u>
Less Administrative Charges	(159,188)	(159,188)	(169,188)
Total General Government	<u>596,193</u>	<u>705,120</u>	<u>661,854</u>
Public Safety			
Wages	1,281,691	1,275,988	1,319,448
Benefits	512,902	475,830	437,923
Insurance	14,957	35,743	67,395
Legal Fees	22,500	37,084	20,300

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17
	Original and Final Budget	Actual	Actual
Public Safety - Continued			
Other Contractual Services	\$ 232,514	274,253	226,318
Commodities	96,100	94,293	89,489
Total Public Safety	2,160,664	2,193,191	2,160,873
Public Works			
Wages	260,265	243,126	238,359
Benefits	96,208	93,673	89,289
Insurance	4,015	9,590	4,033
Legal Fees	1,000	1,107	103
Consultants, Engineers and Planners	2,000	-	-
Other Contractual Services	146,350	143,961	136,011
Commodities	38,450	37,929	35,238
Total Public Works	548,288	529,386	503,033
Building and Public Grounds			
Building			
Wages	185,600	167,542	167,617
Benefits	48,426	43,410	40,346
Insurance	2,006	4,795	2,017
Legal Fees	20,000	26,294	49,822
Consultants, Engineers and Planners	18,500	18,367	19,238
Other Contractual Services	27,500	28,124	26,905
Commodities	10,300	6,491	5,500
Public Grounds			
Insurance	1,095	5,207	1,100
Other Contractual Services	103,735	91,691	97,655
Commodities	20,515	17,814	23,183
Total Building and Public Grounds	437,677	409,735	433,383

VILLAGE OF PALOS PARK, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)

	4/30/18		4/30/17
	Original Budget	Actual	Actual
Culture and Recreation			
Recreation			
Wages	\$ 228,455	212,496	241,127
Benefits	60,848	46,588	48,389
Insurance	2,918	6,974	2,933
Legal Fees	500	-	2,499
Other Contractual Services	101,527	80,727	91,465
Commodities	37,248	32,429	36,960
Festivals			
Other Contractual Services	12,100	58,466	70,719
Commodities	10,850	11,401	9,837
Total Culture and Recreation	454,446	449,081	503,929
Capital Outlay			
Building and Public Grounds	-	18,230	50,366
Recreation	-	19,305	(3,457)
Total Capital Outlay	-	37,535	46,909
Total Expenditures	4,197,268	4,324,048	4,309,981

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
April 30, 2018**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 521,710	602,935	1,124,645
Receivables - Net of Allowances			
Other Taxes	-	46,415	46,415
Due from Other Governments	11,096	-	11,096
Total Assets	532,806	649,350	1,182,156
LIABILITIES			
Accounts Payable	3,762	2,744	6,506
Other Payables	176,501	-	176,501
Total Liabilities	180,263	2,744	183,007
FUND BALANCES			
Restricted	360,895	646,606	1,007,501
Assigned	24,089	-	24,089
Unassigned	(32,441)	-	(32,441)
Total Fund Balances	352,543	646,606	999,149
Total Liabilities and Fund Balances	532,806	649,350	1,182,156

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, 2018**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ -	199,931	199,931
Intergovernmental	123,759	-	123,759
Fines and Forfeitures	38,095	-	38,095
Interest	4,074	7,691	11,765
Miscellaneous	31,929	2,739	34,668
Total Revenues	197,857	210,361	408,218
Expenditures			
Public Safety	8,625	-	8,625
Public Works	56,249	-	56,249
Building and Grounds	-	1,420	1,420
Culture and Recreation	22,563	-	22,563
Capital Outlay	30,027	105,423	135,450
Debt Service			
Principal Retirement	30,000	-	30,000
Interest and Fiscal Charges	14,966	-	14,966
Total Expenditures	162,430	106,843	269,273
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,427	103,518	138,945
Other Financing Sources (Uses)			
Transfers In	36,331	-	36,331
Transfers Out	(9,674)	-	(9,674)
	26,657	-	26,657
Net Change in Fund Balances	62,084	103,518	165,602
Fund Balances - Beginning	290,459	543,088	833,547
Fund Balances - Ending	352,543	646,606	999,149

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2018

	Motor Fuel Tax	Police Forfeiture	Exaction Fee	Fine Arts	Land Acquisition and Recreation	Totals
ASSETS						
Cash and Investments	\$ 353,376	144,245	-	24,089	-	521,710
Due from Other Governments	11,096	-	-	-	-	11,096
Total Assets	364,472	144,245	-	24,089	-	532,806
LIABILITIES						
Accounts Payable	3,577	185	-	-	-	3,762
Other Payables	-	176,501	-	-	-	176,501
Total Liabilities	3,577	176,686	-	-	-	180,263
FUND BALANCES						
Restricted	360,895	-	-	-	-	360,895
Assigned	-	-	-	24,089	-	24,089
Unsigned	-	(32,441)	-	-	-	(32,441)
Total Fund Balances	360,895	(32,441)	-	24,089	-	352,543
Total Liabilities and Fund Balances	364,472	144,245	-	24,089	-	532,806

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, 2018**

	Motor Fuel Tax	Police Forfeiture	Exaction Fee	Fine Arts	Land Acquisition and Recreation	Totals
Revenues						
Intergovernmental	\$ 123,759	-	-	-	-	123,759
Fines and Forfeitures	-	38,095	-	-	-	38,095
Interest	4,061	13	-	-	-	4,074
Miscellaneous	-	360	9,674	21,895	-	31,929
Total Revenues	127,820	38,468	9,674	21,895	-	197,857
Expenditures						
Public Safety	-	8,625	-	-	-	8,625
Public Works	56,249	-	-	-	-	56,249
Culture and Recreation	-	-	-	22,563	-	22,563
Capital Outlay	-	30,027	-	-	-	30,027
Debt Service						
Principal Retirement	-	-	-	-	30,000	30,000
Interest and Fiscal Charges	-	-	-	-	14,966	14,966
Total Expenditures	56,249	38,652	-	22,563	44,966	162,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,571	(184)	9,674	(668)	(44,966)	35,427
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	36,331	36,331
Transfers Out	-	-	(9,674)	-	-	(9,674)
	-	-	(9,674)	-	36,331	26,657
Net Change in Fund Balances	71,571	(184)	-	(668)	(8,635)	62,084
Fund Balances - Beginning	289,324	(32,257)	-	24,757	8,635	290,459
Fund Balances - Ending	360,895	(32,441)	-	24,089	-	352,543

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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17 Actual
	Original and Final Budget	Actual	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 125,000	123,759	122,854
Interest	1,200	4,061	1,302
Total Revenues	<u>126,200</u>	<u>127,820</u>	<u>124,156</u>
Expenditures			
Public Works			
Commodities	118,550	56,249	41,333
Capital Outlay	100,000	-	-
Total Expenditures	<u>218,550</u>	<u>56,249</u>	<u>41,333</u>
Net Change in Fund Balance	<u>(92,350)</u>	71,571	82,823
Fund Balance - Beginning		<u>289,324</u>	<u>206,501</u>
Fund Balance - Ending		<u>360,895</u>	<u>289,324</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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17
	Original and Final Budget	Actual	Actual
Revenues			
Fines and Forfeitures	\$ -	38,095	10,711
Interest	-	13	23
Miscellaneous	-	360	1,745
Total Revenues	-	38,468	12,479
Expenditures			
Public Safety			
Commodities	-	2,690	2,690
Services	-	5,935	8,512
Capital Outlay	32,700	30,027	52,326
Total Expenditures	32,700	38,652	63,528
Net Change in Fund Balance	<u>(32,700)</u>	(184)	(51,049)
Fund Balance - Beginning		<u>(32,257)</u>	18,792
Fund Balance - Ending		<u>(32,441)</u>	<u>(32,257)</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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17
	Original and Final Budget	Actual	Actual
Revenues			
Intergovernmental	\$ -	-	-
Expenditures			
Debt Service			
Principal Retirement	30,000	30,000	30,000
Interest and Fiscal Charges	14,966	14,966	16,175
Total Expenditures	44,966	44,966	46,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,966)	(44,966)	(46,175)
Other Financing Sources			
Transfers In	44,966	36,331	46,175
Net Change in Fund Balance	-	(8,635)	-
Fund Balance - Beginning		8,635	8,635
Fund Balance - Ending		-	8,635

VILLAGE OF PALOS PARK, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Balance Sheet

April 30, 2018

	<u>Capital</u>	<u>1/2% Sales</u>	
	<u>Improvements</u>	<u>Tax</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 129,464	473,471	602,935
Receivables - Net of Allowances			
Sales Tax	-	46,415	46,415
Total Assets	<u>129,464</u>	<u>519,886</u>	<u>649,350</u>
LIABILITIES			
Accounts Payable	-	2,744	2,744
FUND BALANCES			
Restricted	<u>129,464</u>	<u>517,142</u>	<u>646,606</u>
Total Liabilities and Fund Balances	<u>129,464</u>	<u>519,886</u>	<u>649,350</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, 2018**

	Capital Improvements	1/2% Sales Tax	Totals
Revenues			
Taxes	\$ -	199,931	199,931
Interest	1,678	6,013	7,691
Miscellaneous		2,739	2,739
Total Revenues	<u>1,678</u>	<u>208,683</u>	<u>210,361</u>
Expenditures			
Building and Grounds	-	1,420	1,420
Capital Outlay	-	105,423	105,423
Total Expenditures	<u>-</u>	<u>106,843</u>	<u>106,843</u>
Net Change in Fund Balances	1,678	101,840	103,518
Fund Balances - Beginning	<u>127,786</u>	<u>415,302</u>	<u>543,088</u>
Fund Balances - Ending	<u><u>129,464</u></u>	<u><u>517,142</u></u>	<u><u>646,606</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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17 Actual
	Original and Final Budget	Actual	
Revenues			
Interest	\$ -	1,678	827
Expenditures			
Building and Grounds	-	-	107,004
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,678	(106,177)
Other Financing Sources			
Transfers In	-	-	10,000
Net Change in Fund Balance	-	1,678	(96,177)
Fund Balance - Beginning		127,786	223,963
Fund Balance - Ending		129,464	127,786

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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17
	Original and Final Budget	Actual	Actual
Revenues			
Taxes	\$ 182,350	199,931	194,529
Interest	1,825	6,013	1,940
Miscellaneous	-	2,739	1,208
Total Revenues	<u>184,175</u>	<u>208,683</u>	<u>197,677</u>
Expenditures			
Building and Grounds			
Commodities	4,000	1,420	1,125
Capital Outlay	308,000	105,423	91,265
Total Expenditures	<u>312,000</u>	<u>106,843</u>	<u>92,390</u>
Net Change in Fund Balance	<u>(127,825)</u>	101,840	105,287
Fund Balance - Beginning		<u>415,302</u>	<u>310,015</u>
Fund Balance - Ending		<u>517,142</u>	<u>415,302</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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17
	Original and Final Budget	Actual	Actual
Operating Revenues			
Charges for Services	\$ 1,801,020	1,967,663	1,848,555
Sale of Water Meters	5,000	3,810	7,576
Miscellaneous	550	1,177	7,424
Total Operating Revenues	<u>1,806,570</u>	<u>1,972,650</u>	<u>1,863,555</u>
Operating Expenses			
Personnel	514,797	531,619	477,364
Commodities	101,275	81,672	60,299
Water Purchases	675,000	737,708	673,868
Services	405,118	387,009	164,588
Capital Outlay	156,000	29,343	392,516
Total Operating Expenses	<u>1,852,190</u>	<u>1,767,351</u>	<u>1,768,635</u>
Operating Income (Loss)	<u>(45,620)</u>	<u>205,299</u>	<u>94,920</u>
Nonoperating Revenues (Expenses)			
Interest Income	900	1,871	976
Rental Income	20,000	19,000	19,867
Tap-On Fees	-	33,629	29,896
Principal Retirement	(143,510)	(143,510)	(144,474)
Interest Expense	(60,483)	(58,563)	(64,897)
	<u>(183,093)</u>	<u>(147,573)</u>	<u>(158,632)</u>
Income (Loss) Before Transfers	(228,713)	57,726	(63,712)
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
Income (Loss) Before GAAP Adjustments	<u>(258,713)</u>	27,726	(93,712)
Principal Retirement		143,510	144,474
Capitalized Assets		29,343	126,683
Depreciation		<u>(498,426)</u>	<u>(494,965)</u>
Change in Net Position		(297,847)	(317,520)
Net Position - Beginning		<u>10,301,261</u>	<u>10,618,781</u>
Net Position - Ending		<u>10,003,414</u>	<u>10,301,261</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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17
	Original and Final Budget	Actual	Actual
Operating Revenues			
Charges for Services	\$ 470,150	493,554	470,128
Miscellaneous	400	1,632	750
Total Operating Revenues	<u>470,550</u>	<u>495,186</u>	<u>470,878</u>
Operating Expenses			
Personnel	189,117	178,979	174,985
Commodities	65,600	23,455	20,258
Services	169,054	104,126	82,058
Capital Outlay	215,000	7,676	44,255
Total Operating Expenses	<u>638,771</u>	<u>314,236</u>	<u>321,556</u>
Operating Income	<u>(168,221)</u>	<u>180,950</u>	<u>149,322</u>
Nonoperating Revenues (Expenses)			
Interest Income	350	404	347
Tap-On Fees	-	37,726	31,450
Principal Retirement	(39,200)	(39,200)	(38,236)
Interest Expense	(5,605)	(5,057)	(6,659)
	<u>(44,455)</u>	<u>(6,127)</u>	<u>(13,098)</u>
Income Before Transfers	(212,676)	174,823	136,224
Transfers In	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Income Before GAAP Adjustments	<u>(182,676)</u>	204,823	166,224
Principal Retirement		39,200	38,236
Capitalized Assets		7,676	20,070
Depreciation		<u>(466,193)</u>	<u>(473,773)</u>
Change in Net Position		(214,494)	(249,243)
Net Position - Beginning		<u>9,327,950</u>	<u>9,577,193</u>
Net Position - Ending		<u>9,113,456</u>	<u>9,327,950</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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17 Actual
	Original and Final Budget	Actual	
Operating Revenues			
Charges for Services	\$ 360,000	356,056	345,398
Operating Expenses			
Services	360,000	357,510	354,417
Change in Net Position	<u>-</u>	(1,454)	(9,019)
Net Position - Beginning		<u>(11,976)</u>	<u>(2,957)</u>
Net Position - Ending		<u>(13,430)</u>	<u>(11,976)</u>

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, 2018
(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)**

	4/30/18		4/30/17 Actual
	Original and Final Budget	Actual	
Operating Revenues			
Charges for Services	\$ 95,000	91,885	101,901
Operating Expenses			
Commodities	40,800	(7,571)	21,144
Services	63,497	72,938	60,604
Total Operating Expenses	104,297	65,367	81,748
Operating Income	(9,297)	26,518	20,153
Nonoperating Revenues			
Interest Income	200	271	221
Income Before GAAP Adjustments	<u>(9,097)</u>	26,789	20,374
Depreciation		<u>(1,136)</u>	<u>(1,000)</u>
Change in Net Position		25,653	19,374
Net Position - Beginning		<u>80,636</u>	<u>61,262</u>
Net Position - Ending		<u>106,289</u>	<u>80,636</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, 2018

(with Comparative Actual Amounts for the Fiscal Year Ended April 30, 2017)

	4/30/18		4/30/17
	Original and Final Budget	Actual	Actual
Additions			
Contributions - Employer	\$ 250,000	250,000	200,000
Contributions - Plan Members	76,425	65,873	75,391
Total Contributions	<u>326,425</u>	<u>315,873</u>	<u>275,391</u>
Investment Income			
Interest Earned	60,000	121,760	103,120
Net Change in Fair Value	-	(3,410)	16,974
	<u>60,000</u>	<u>118,350</u>	<u>120,094</u>
Less Investment Expenses	(10,000)	(9,420)	(9,239)
Net Investment Income	<u>50,000</u>	<u>108,930</u>	<u>110,855</u>
Total Additions	<u>376,425</u>	<u>424,803</u>	<u>386,246</u>
Deductions			
Administration	-	1,856	1,380
Benefits and Refunds	158,156	176,031	142,868
Total Deductions	<u>158,156</u>	<u>177,887</u>	<u>144,248</u>
Change in Fiduciary Net Position	<u>218,269</u>	246,916	241,998
Net Position Restricted for Pensions			
Beginning		<u>2,775,048</u>	<u>2,533,050</u>
Ending		<u>3,021,964</u>	<u>2,775,048</u>

VILLAGE OF PALOS PARK, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2018**

	Beginning Balances	Additions	Deductions	Ending Balances
All Funds				
ASSETS				
Cash and Investments	\$ 1,892,491	2,340	305,669	1,589,162
LIABILITIES				
Due to Bondholders	1,892,491	2,340	305,669	1,589,162
Special Assessment Fund #9				
ASSETS				
Cash and Investments	122,156	611	-	122,767
LIABILITIES				
Due to Bondholders	122,156	611	-	122,767
Special Assessment Fund #11				
ASSETS				
Cash and Investments	92,609	464	-	93,073
LIABILITIES				
Due to Bondholders	92,609	464	-	93,073
Special Assessment Fund #12				
ASSETS				
Cash and Investments	183,740	919	-	184,659
LIABILITIES				
Due to Bondholders	183,740	919	-	184,659
Special Assessment Fund #93-1				
ASSETS				
Cash and Investments	561,086	346	-	561,432
LIABILITIES				
Due to Bondholders	561,086	346	-	561,432

	Beginning Balances	Additions	Deductions	Ending Balances
Special Assessment Fund #96-1A				
ASSETS				
Cash and Investments	201,983	-	40,074	161,909
LIABILITIES				
Due to Bondholders	201,983	-	40,074	161,909
Special Assessment Fund #96-1B				
ASSETS				
Cash and Investments	168,114	-	52,562	115,552
LIABILITIES				
Due to Bondholders	168,114	-	52,562	115,552
Special Assessment Fund #13A				
ASSETS				
Cash and Investments	200,810	-	49,890	150,920
LIABILITIES				
Due to Bondholders	200,810	-	49,890	150,920
Special Assessment Fund #13B				
ASSETS				
Cash and Investments	361,993	-	163,143	198,850
LIABILITIES				
Due to Bondholders	361,993	-	163,143	198,850

SUPPLEMENTAL SCHEDULES

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Alternate Revenue Bonds of 2004
April 30, 2018**

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	Principal	Interest	Totals
2019	\$ 35,000	3,040	38,040
2020	40,000	1,640	41,640
	<u>75,000</u>	<u>4,680</u>	<u>79,680</u>

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Alternate Revenue Bonds of 2005
April 30, 2018**

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	Principal	Interest	Totals
2019	\$ 35,000	2,817	37,817
2020	35,000	1,417	36,417
	<u>70,000</u>	<u>4,234</u>	<u>74,234</u>

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Alternate Revenue Bonds of 2010
April 30, 2018**

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	Principal	Interest	Totals
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>1,215,000</u>	<u>353,268</u>	<u>1,568,268</u>

VILLAGE OF PALOS PARK, ILLINOIS

Long-Term Debt Requirements

Debt Certificates of 2006

April 30, 2018

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	Principal	Interest	Totals
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>305,000</u>	<u>62,564</u>	<u>367,564</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, 2018 (Unaudited)

	2009	2010	2011	2012
Governmental Activities				
Net Investment in Capital Assets	\$ 3,292,655	3,273,865	3,466,820	3,585,298
Restricted	127,819	191,552	841,928	1,202,700
Unrestricted	1,351,511	1,390,918	1,719,120	1,584,791
Total Governmental Activities Net Position	4,771,985	4,856,335	6,027,868	6,372,789
Business-Type Activities				
Net Investment in Capital Assets	21,891,367	22,337,788	20,857,596	20,116,269
Unrestricted	1,616,093	803,652	1,993,789	2,355,704
Total Business-Type Activities Net Position	23,507,460	23,141,440	22,851,385	22,471,973
Primary Government				
Net Investment in Capital Assets	25,184,022	25,611,653	24,324,416	23,701,567
Restricted	127,819	191,552	841,928	1,202,700
Unrestricted	2,967,604	2,194,570	3,712,909	3,940,495
Total Primary Government Net Position	28,279,445	27,997,775	28,879,253	28,844,762

Data Source: Audited Financial Statements

* Accrual Basis of Accounting

2013	2014	2015	2016	2017	2018
3,833,183	4,026,741	4,072,934	4,247,176	4,321,833	4,254,941
1,300,144	1,285,489	1,370,146	1,035,595	836,377	1,011,916
1,427,640	1,312,363	1,142,238	(2,891,941)	(3,043,625)	(3,411,839)
6,560,967	6,624,593	6,585,318	2,390,830	2,114,585	1,855,018
19,433,528	18,781,396	18,200,951	17,547,723	16,928,804	16,182,778
2,531,844	2,735,861	2,747,702	2,706,556	2,769,067	3,026,951
21,965,372	21,517,257	20,948,653	20,254,279	19,697,871	19,209,729
23,266,711	22,808,137	22,273,885	21,794,899	21,250,637	20,437,719
1,300,144	1,285,489	1,370,146	1,035,595	836,377	1,011,916
3,959,484	4,048,224	3,889,940	(185,385)	(274,558)	(384,888)
28,526,339	28,141,850	27,533,971	22,645,109	21,812,456	21,064,747

VILLAGE OF PALOS PARK, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
April 30, 2018 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government	1,582,287	1,374,284	1,243,199	1,493,087	1,255,154	1,248,865	1,082,473	1,025,499	721,192	895,776
Public Safety	1,926,213	1,873,156	1,861,070	1,930,667	2,076,275	2,084,277	2,113,476	2,698,289	2,634,989	2,512,388
Public Works	530,728	578,961	537,325	637,683	480,874	742,048	1,000,130	1,393,134	1,074,170	1,169,099
Cultural and Recreation	331,727	309,727	280,567	296,926	364,858	565,181	483,981	562,906	516,908	459,347
Solid Waste	252,592	263,727	276,741	286,300	-	-	-	-	-	-
Interest on Long-Term Debt	102,709	76,830	55,392	49,317	43,988	35,460	24,007	16,953	15,671	14,456
Total Governmental Activities Expenses	4,726,256	4,476,685	4,254,294	4,693,980	4,221,149	4,675,831	4,704,067	5,696,781	4,962,930	5,051,066
Business-Type Activities										
Water and Sanitary Sewer	2,324,354	2,381,382	2,474,221	2,554,123	2,868,890	2,929,994	2,877,825	2,878,366	2,983,732	3,072,807
Refuse and Recycling	-	-	-	-	296,803	303,759	310,069	316,838	354,417	357,510
Commuter Lot	106,159	72,485	76,703	70,087	86,729	90,762	80,204	81,690	82,748	66,503
Total Business-Type Activities Expenses	2,430,513	2,453,867	2,550,924	2,624,210	3,252,422	3,324,515	3,268,098	3,276,894	3,420,897	3,496,820
Total Primary Government Expenses	7,156,769	6,930,552	6,805,218	7,318,190	7,473,571	8,000,346	7,972,165	8,973,675	8,383,827	8,547,886
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	625,524	529,574	697,717	708,470	711,316	651,345	500,102	503,771	426,234	409,710
Public Safety	229,111	319,211	843,639	75,920	124,343	148,039	184,911	106,261	85,555	140,327
Public Works	-	4,500	9,852	12,530	12,583	11,174	-	-	-	-
Cultural and Recreation	188,003	172,160	161,816	157,271	171,763	187,498	144,435	163,568	219,006	164,345
Solid Waste	256,041	274,995	303,628	314,705	-	-	-	-	-	-
Operating Grants/Contributions	189,263	128,535	154,832	274,280	202,430	331,191	145,937	123,981	122,854	123,759
Capital Grants/Contributions	20,000	14,020	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,507,942	1,442,995	2,171,484	1,543,176	1,222,435	1,329,247	975,385	897,581	853,649	838,141
Business-Type Activities										
Charges for Services										
Water and Sanitary Sewer	1,299,481	1,930,305	2,168,890	2,155,904	2,360,503	2,445,317	2,279,851	2,349,245	2,334,433	2,467,836
Refuse and Recycling	-	-	-	-	322,194	328,314	334,112	339,892	345,398	356,056
Commuter Lot	92,038	82,303	82,105	86,417	87,093	87,443	88,986	97,095	101,901	91,885
Operating and Capital Grants	-	-	2,358	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	1,391,519	2,012,608	2,253,353	2,242,321	2,769,790	2,861,074	2,702,949	2,786,232	2,781,732	2,915,777
Total Primary Government Program Revenues	2,899,461	3,455,603	4,424,837	3,785,497	3,992,225	4,190,321	3,678,334	3,683,813	3,635,381	3,753,918

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense) Revenue										
Governmental Activities	\$ (3,218,314)	(3,033,690)	(2,082,810)	(3,150,804)	(2,998,714)	(3,346,584)	(3,728,682)	(4,799,200)	(4,109,281)	(4,212,925)
Business-Type Activities	(1,038,994)	(441,259)	(297,571)	(381,889)	(482,632)	(463,441)	(565,149)	(490,662)	(639,165)	(581,043)
Total Primary Government Net (Expense) Revenue	(4,257,308)	(3,474,949)	(2,380,381)	(3,532,693)	(3,481,346)	(3,810,025)	(4,293,831)	(5,289,862)	(4,748,446)	(4,793,968)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	1,014,455	1,053,410	1,179,055	1,232,400	1,206,448	1,212,953	1,259,952	1,311,982	1,311,952	1,340,768
Sales	943,390	858,847	785,862	836,166	855,009	846,009	819,655	789,842	977,144	1,005,489
Income	431,732	427,237	372,418	365,586	393,386	436,814	472,322	516,556	458,162	439,535
Utility	603,983	620,803	554,177	547,238	535,051	507,016	525,275	442,551	442,015	421,304
Other	151,077	152,995	179,842	239,702	243,637	233,195	236,261	272,394	162,083	207,021
Investment Income	65,619	30,646	5,403	13,018	14,298	6,034	(2,121)	5,543	20,730	43,014
Miscellaneous	80,661	39,587	41,283	20,233	29,815	39,355	51,790	524,000	460,950	496,227
Gain on Sale of Capital Assets	-	-	-	-	113,971	1,406	7,966	-	-	-
Transfers	-	-	-	-	4,110	4,110	39,110	30,000	-	-
Total Governmental Activities	3,290,917	3,183,525	3,118,040	3,254,343	3,395,725	3,286,892	3,410,210	3,892,868	3,833,036	3,953,358
Business-Type Activities										
Investment Income	87,519	30,254	3,894	7,516	6,587	2,574	(1,279)	751	1,544	2,546
Miscellaneous	152,630	136,228	71,345	-	-	14,364	55,715	38,568	81,213	90,355
Transfers	-	-	-	-	(4,110)	(4,110)	(39,110)	(30,000)	-	-
Total Business-Type Activities	240,149	166,482	75,239	7,516	2,477	12,828	15,326	9,319	82,757	92,901
Total Primary Government	3,531,066	3,350,007	3,193,279	3,261,859	3,398,202	3,299,720	3,425,536	3,902,187	3,915,793	4,046,259
Changes in Net Position										
Governmental Activities	72,603	149,835	1,035,230	103,539	397,011	(59,692)	(318,472)	(906,332)	(276,245)	(259,567)
Business-Type Activities	(798,845)	(274,777)	(222,332)	(374,373)	(480,155)	(450,613)	(549,823)	(481,343)	(556,408)	(488,142)
Total Primary Government	(726,242)	(124,942)	812,898	(270,834)	(83,144)	(510,305)	(868,295)	(1,387,675)	(832,653)	(747,709)

Data Source: Audited Financial Statements

* Accrual Basis of Accounting

VILLAGE OF PALOS PARK, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years*
April 30, 2018 (Unaudited)

	2009	2010	2011
General Fund			
Reserved	\$ 53,247	58,168	60,215
Unreserved	1,017,976	922,908	1,123,958
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
Total General Fund	<u>1,071,223</u>	<u>981,076</u>	<u>1,184,173</u>
All Other Governmental Funds			
Reserved	127,819	195,372	841,928
Unreserved, Reported in, Special Revenue Funds	150,721	90,143	48,281
Debt Service Funds			
Capital Projects Funds	413,848	491,926	635,138
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total All Other Governmental Funds	<u>692,388</u>	<u>777,441</u>	<u>1,525,347</u>
Total All Governmental Funds	<u><u>1,763,611</u></u>	<u><u>1,758,517</u></u>	<u><u>2,709,520</u></u>

Data Source: Audited Financial Statements

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

* Accrual Basis of Accounting

2012	2013	2014	2015	2016	2017	2018
-	-	-	-	-	-	-
-	-	-	-	-	-	-
63,632	62,707	54,255	50,988	54,283	161,464	166,918
-	-	-	276,732	276,324	3,965	4,415
1,336,321	1,452,159	1,438,325	1,250,633	1,015,120	1,152,948	1,179,620
1,399,953	1,514,866	1,492,580	1,578,353	1,345,727	1,318,377	1,350,953
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,202,700	1,300,144	1,285,489	1,093,414	759,271	832,412	1,007,501
202,005	127,629	39,925	39,925	30,054	33,392	24,089
-	-	-	-	-	(32,257)	(32,441)
1,404,705	1,427,773	1,325,414	1,133,339	789,325	833,547	999,149
2,804,658	2,942,639	2,817,994	2,711,692	2,135,052	2,151,924	2,350,102

VILLAGE OF PALOS PARK, ILLINOIS

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
April 30, 2018 (Unaudited)**

	2009	2010	2011
Revenues			
Taxes	\$ 3,113,292	3,071,354	3,221,092
Licenses and Permits	482,959	467,581	471,279
Intergovernmental	217,936	147,732	163,410
Charges for Services	79,528	50,405	40,464
Fees by Agreement	609,133	619,316	652,044
Fines and Forfeitures	110,902	154,210	844,287
Investment Income	30,646	5,403	13,018
Miscellaneous	47,071	35,034	20,233
Total Revenues	4,691,467	4,551,035	5,425,827
Expenditures			
General Government	712,090	736,570	674,934
Public Safety	1,873,619	1,789,273	1,863,219
Public Works	553,425	533,843	509,153
Building and Public Grounds	779,371	593,998	568,127
Culture and Recreation	309,125	301,616	272,696
Solid Waste	252,592	263,727	276,741
Capital Outlay	120,288	23,157	34,015
Debt Service			
Principal Retirement	282,256	282,279	258,555
Interest	106,693	97,141	54,684
Total Expenditures	4,989,459	4,621,604	4,512,124
Excess (Deficiency) of Revenues Over (Under) Expenditures	(297,992)	(70,569)	913,703
Other Financing Sources (Uses)			
Transfer In	132,072	266,116	171,182
Transfer Out	(132,072)	(266,116)	(171,182)
Debt Issuance	-	12,207	37,300
Premium/Discount on Installment Contracts	31,316	1,085,000	-
Disposal of Capital Assets	42,862	1,259	-
Payment to Refunded Bond Escrow Agent	-	(1,032,991)	-
	74,178	65,475	37,300
Net Change in Fund Balances	(223,814)	(5,094)	951,003
Debt Service as a Percentage of Noncapital Expenditures	8.02%	8.25%	6.99%

Data Source: Audited Financial Statements

* Accrual Basis of Accounting

2012	2013	2014	2015	2016	2017	2018
3,233,531	2,133,625	2,194,108	2,185,689	2,192,094	2,110,579	2,169,024
482,653	459,802	372,638	500,102	503,771	426,234	409,710
275,619	1,305,910	1,451,972	1,287,008	1,265,212	1,363,631	1,368,852
49,747	59,346	73,253	144,435	163,568	219,006	164,345
660,796	379,232	403,583	-	-	-	-
74,361	120,507	147,158	184,911	106,261	85,555	140,327
14,298	6,034	(2,121)	3,361	5,543	20,730	43,014
29,815	39,355	51,790	420,622	524,000	460,950	496,227
4,820,820	4,503,811	4,692,381	4,726,128	4,760,449	4,686,685	4,791,499
609,448	604,675	620,088	567,323	870,967	661,854	705,120
1,869,168	1,960,561	2,037,855	2,101,895	2,233,001	2,172,075	2,201,816
570,036	515,661	700,175	607,660	581,525	544,366	585,635
793,050	550,995	549,108	448,021	688,816	541,512	411,155
288,737	356,397	556,380	471,341	546,696	513,331	471,644
286,300	-	-	-	-	-	-
100,739	63,830	85,922	430,624	399,932	190,500	172,985
274,553	275,239	276,782	332,910	33,921	30,000	30,000
51,732	43,988	37,792	31,320	17,449	16,175	14,966
4,843,763	4,371,346	4,864,102	4,991,094	5,372,307	4,669,813	4,593,321
(22,943)	132,465	(171,721)	(264,966)	(611,858)	16,872	198,178
138,220	118,220	133,220	168,349	246,588	56,175	36,331
(134,110)	(114,110)	(94,110)	(133,349)	(216,588)	(56,175)	(36,331)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
113,971	1,406	7,966	-	5,218	-	-
-	-	-	-	-	-	-
118,081	5,516	47,076	35,000	35,218	-	-
95,138	137,981	(124,645)	(229,966)	(576,640)	16,872	198,178
6.80%	7.62%	6.63%	7.47%	1.02%	1.04%	1.00%

VILLAGE OF PALOS PARK, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years April 30, 2018 (Unaudited)

Tax Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Valuation
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
2016	176,145,947	20,459,111	9,097,512	20,583
2017	216,816,388	25,182,927	11,198,042	25,335

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
\$ 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%
102,913	205,826,066	0.6430	617,478,198	33.33%
126,675	253,349,367	0.5580	760,048,101	33.33%

VILLAGE OF PALOS PARK, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
April 30, 2018 (Unaudited)**

	2008	2009	2010
Village Direct Rates			
General	\$ 0.2780	0.3140	0.3180
Illinois Municipal Retirement	0.0320	0.0300	0.0320
Police Pension	0.0520	-	-
Police Protection	0.0400	0.0380	0.0410
Total Direct Rates	0.4020	0.3820	0.3910
Overlapping Rates			
School Districts	4.1000	7.2300	7.5010
Library	0.1280	0.1230	0.1260
County	0.4750	0.4730	0.4840
Fire Protection District	0.5110	1.1320	1.1930
Township	0.0750	0.7110	0.7420
South Palos Sanitary District *	0.2760	0.2580	0.2530
MWRD	0.2520	0.2610	0.2740

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

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

2011	2012	2013	2014	2015	2016	2017
0.4020	0.4410	0.4710	0.4904	0.5027	0.4767	0.4039
0.0430	0.0500	0.0570	0.0640	0.0708	0.0732	0.0679
-	-	-	-	-	-	-
0.0540	0.0640	0.0720	0.0812	0.0900	0.0931	0.0862
0.4990	0.5550	0.6000	0.6356	0.6635	0.6430	0.5580
9.0050	5.5270	6.0050	6.3060	6.5100	11.1930	9.7710
0.1610	0.1800	0.1950	0.2070	0.2160	0.2100	0.1820
0.5570	0.6080	0.6760	0.6540	0.6720	1.4660	0.6050
1.4370	1.0470	1.0470	1.2010	1.2550	2.1330	1.8550
0.8990	0.1080	0.1180	0.1250	0.1330	0.9320	0.8010
0.3310	0.3920	0.3610	0.4060	0.4210	0.4090	0.3450
0.3200	0.3700	0.4170	0.4300	0.4260	0.4060	0.4020

VILLAGE OF PALOS PARK, ILLINOIS

**Principal Property Tax Payers - Prior Fiscal Year and Nine Fiscal Years Ago
April 30, 2018 (Unaudited)**

Taxpayer	2017			2011*		
	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)	\$ 7,036,413	1	2.78%			
Sunrise Senior Living	6,431,462	2	2.54%	\$ 5,747,027	3	2.69%
Cog Hill Golf Properties	5,848,468	3	2.31%			
James Marth	2,346,876	4	0.93%	2,409,878	8	1.13%
RDK Ventures	2,218,159	5	0.88%			
Glen Eagles Country Club	2,039,292	6	0.80%			
Inter Cont'l 131st Palos Park	1,584,515	7	0.63%			
Walgreen Co. Tax Dept.	1,248,316	8	0.49%	1,672,124	9	0.78%
Southwest HWY, LLC	833,186	9	0.33%			
Individual	813,380	10	0.32%			
CNC/Jewel Food Store				8,559,181	1	4.00%
Shadow Ridge Signature				7,451,871	2	3.48%
Commonwealth Edison Co.				4,290,074	4	2.01%
Park Management & Investment				2,945,345	5	1.38%
Shell Oil Company				2,831,732	6	1.32%
AT&T				2,750,735	7	1.29%
Total	30,400,067		12.00%	38,657,967		18.08%

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. Instead, data for seven years ago has been presented.

VILLAGE OF PALOS PARK, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
April 30, 2018 (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
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%	612,839	1,239,213	99.65%
2014	1,266,829	650,932	51.38%	634,986	1,285,918	101.51%
2015	1,369,944	660,537	48.22%	634,712	1,295,249	94.55%
2016	1,396,368	679,298	48.65%	632,684	1,311,982	93.96%
2017	1,323,252	679,477	51.35%	630,728	1,310,205	99.01%
2018	1,411,912	686,077	48.59%	-	686,077	48.59%

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, 2018 (Unaudited)**

Fiscal Year	Governmental Activities		General Obligation Bonds
	Debt Certificates	Installment Notes Payable	
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	74,865	1,650,000
2017	335,000	-	1,505,000
2018	305,000	-	1,360,000

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				Percentage of Assessed Valuation (1)	Per Capita (1)
Installment Notes Payable	Public Benefit Debt	Total Primary Government			
\$ -	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	2,184,517		1.11%	450.69
-	56,942	1,896,942		0.92%	391.36
-	19,232	1,684,232		0.66%	347.48

VILLAGE OF PALOS PARK, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
April 30, 2018 (Unaudited)**

Fiscal Year	Governmental	Business-Type	Less: Amounts Available for Debt Service	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Activities Debt Certificates	Activities General Obligation Bonds				
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
2017	335,000	1,505,000	-	1,840,000	0.89%	379.62
2018	305,000	1,360,000	-	1,665,000	0.66%	343.51

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, 2018 (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	\$ 305,000	100.00%	\$ 305,000
Overlapping Debt			
Cook County	3,085,186,750	0.1683%	5,192,369
Cook County Forest Preserve District	150,960,000	0.1683%	254,066
Metropolitan Water Reclamation District	2,480,560,091	0.1716%	4,256,641
South Palos Twp. Sanitary District	445,000	6.2993%	28,032
Lemont Park District	10,261,000	1.0861%	111,445
Schools			
Comm. Consolidated School Dist. 118	5,800,000	28.4712%	1,651,330
School District 113A	7,363,156	1.0861%	79,971
High School District 210	41,115,000	1.0861%	446,550
High School Dist. 230	10,840,000	4.8455%	525,252
Community College 525	73,435,000	0.0498%	36,571
Community College 524	58,315,000	2.3344%	1,361,305
Total Overlapping Debt	<u>5,924,280,997</u>		<u>13,943,532</u>
Total Direct and Overlapping Debt	<u><u>5,924,585,997</u></u>		<u><u>14,248,532</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, 2018 (Unaudited)

	2009	2010	2011	2012
Legal Debt Limit	\$ 22,796,927	23,611,027	25,511,830	26,014,985
Total Net Debt Applicable to Limit	715,000	660,000	2,295,000	2,175,000
Legal Debt Margin	22,081,927	22,951,027	23,216,830	23,839,985
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.14%	2.80%	9.00%	8.36%

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.

2013	2014	2015	2016	2017	2018
19,326,057	18,210,667	17,511,235	16,993,726	17,752,498	21,851,383
2,055,000	1,925,000	1,790,000	365,000	335,000	305,000
17,271,057	16,285,667	15,721,235	16,628,726	17,417,498	21,546,383
10.63%	10.57%	10.22%	2.15%	1.89%	1.40%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	<u>\$ 253,349,367</u>
Bonded Debt Limit - 8.625% of Assessed Value	21,851,383
Amount of Debt Applicable to Limit	<u>305,000</u>
Legal Debt Margin	<u>21,546,383</u>

VILLAGE OF PALOS PARK, ILLINOIS

**Pledged Revenue Coverage - Last Ten Fiscal Years
April 30, 2018 (Unaudited)**

Fiscal Year	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	93,604	2.40
2017	2,416,969	1,943,438	473,531	145,000	71,556	2.19
2018	2,489,111	2,044,568	444,543	145,000	60,185	2.17

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, 2018 (Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2017	4,847	429,579,916	95,451	4.40%
2018	4,847	480,996,892	99,236	2.30%

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, 2018 (Unaudited)**

Employer	2017		2011	
	Rank	Percentage of Total Village Population	Rank	Percentage of Total Village Employment
Cog Hill Golf Course	1	6.19%		
Holly Family Villa	2	3.88%	1	4.52%
Jewel	3	3.09%	2	4.27%
Sunrise Assisted Living	4	2.06%	3	2.13%
Village of Palos Park	5	1.71%	4	1.30%
Glen Eagles Country Club	6	1.03%		
Francesca's	7	0.76%	5	1.07%
Hackney's	8	0.72%	7	0.58%
Walgreens	9	0.41%	6	1.07%
McDivott's	10	0.25%	8	0.32%
		<u>20.1%</u>		<u>15.26%</u>

Note: Telephone canvass of employers performed in 2018.

VILLAGE OF PALOS PARK, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
April 30, 2018 (Unaudited)**

See Following Page

VILLAGE OF PALOS PARK, ILLINOIS

**Full-Time and Part-Time Employees by Function/Program - Last Ten Fiscal Years
April 30, 2018 (Unaudited)**

Function/Program	2009	2010	2011
General Government			
Administration	5.30	4.30	4.30
Building and Zoning	3.50	3.50	3.50
Finance	3.30	2.00	2.00
Police			
Officers FT	10.00	10.00	9.00
Officers PT	16.00	20.00	22.00
Civilians	2.00	2.00	2.00
Public Works			
Water Department	4.60	4.60	4.60
Sewer Department	1.40	1.40	1.40
Street Maintenance	5.00	4.50	4.50
Recreation	3.50	3.50	2.50
Totals	54.60	55.80	55.80

Data Source: Village Finance Department Payroll

2012	2013	2014	2015	2016	2017	2018
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	1.50	1.50	1.50	1.50	1.50	1.50
9.00	9.00	9.00	9.00	9.00	9.00	9.00
23.00	24.00	24.00	20.00	23.00	23.00	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
3.50	4.50	4.50	4.50	4.50	4.50	4.50
2.50	3.00	3.00	3.00	3.00	3.00	3.00
55.80	57.80	57.80	53.80	56.80	56.80	56.80

VILLAGE OF PALOS PARK, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
April 30, 2018 (Unaudited)**

Function/Program	2009	2010	2011
Public Safety			
Police (1)			
Physical Arrests	242	170	217
Parking Violations	1,573	1,209	1,307
Traffic Violations	1,570	1,213	1,383
Public Works			
Street Resurfacing (Miles)	1.01	0.25	-
Pothole Repairs	75-100	50-75	75-150
Water			
New Connections	7	8	6
Water Main Breaks	15	2	2
Average Daily Consumption (2)	489,000	416,134	404,000
Peak Demand	837,000	850,000	906,000

Data Source: Appropriate Village Departmental

(1) Police data is available only on the calendar year; for instance, FY 09 covers January 2008- December 2008.

(2) Average Gallons per Day

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

2012	2013	2014	2015	2016	2017	2018
186	183	202	211	240	136	223
987	982	997	1,198	1,048	728	1,359
885	953	956	1,925	864	470	687
0.66	0.80	0.90	1.19	1.30	0.10	0.50
50-75	80-140	722.0	1,524.0	2,769	150-175	4,165
4	2	8	4	5	4	10
7	4	44	12	15	8	11
474,000	501,000	437,000	407,813	402,186	408,000	425,000
969,000	823,000	702,000	708,000	750,000	684,000	725,000

VILLAGE OF PALOS PARK, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
April 30, 2018 (Unaudited)**

Function/Program	2009	2010	2011
Public Safety			
Police			
Stations	1	1	1
Patrol Units	7	8	8
Public Works			
Residential Streets (Miles)	14.70	14.70	14.70
Water			
Water Mains (Miles)	51.08	52.24	52.24
Fire Hydrants	730	730	730
Storage Capacity (Gallons)	800,000	1,300,000	1,300,000
Wastewater			
Sanitary Sewer (Miles)	39.37	39.37	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.

2012	2013	2014	2015	2016	2017	2018
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 1,300,000	52.24 731 1,300,000	52.24 731 1,300,000	52.24 731 1,300,000	52 731 1,300,000	52 731 1,300,000	52 731 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