VILLAGE OF MCCOOK
McCook, Illinois

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

VILLAGE OF MCCOOK

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Trustees
Village of McCook, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of McCook'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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of McCook'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 of McCook'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.

To the Mayor and Board of Trustees
Village of McCook, Illinois

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 McCook, Illinois, as of December 31, 2017 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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended December 31, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of McCook's basic financial statements. The financial information listed as supplementary information for the year ended December 31, 2017 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017, 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 financial information listed as supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2017.

To the Mayor and Board of Trustees
Village of McCook, Illinois

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village of McCook as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated July 31, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The financial information listed as supplementary information for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2016.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of McCook's basic financial statements. The other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
June 22, 2018

The discussion and analysis of Village of McCook's (the "village") financial performance provides an overall review of the village's financial activities for the year ended December 31, 2017. The management of the village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

> The liabilities and deferred inflows of the village exceeded its assets and deferred outflows at the close of the most recent fiscal year for a net position deficit of $8,013,691. Of this amount, the village has a deficit of $33,140,648 in unrestricted net position.

> In total, net position increased by $4,218,099. This represents a (35)% increase from 2016 and is related to increased property taxes.

> At the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of $13,096,239, an increase of $3,345,875 in comparison with the prior year.

> General revenues accounted for $13,672,536 in revenue or 93% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for $965,822 or 7% of total governmental revenues of $14,638,358.

> The village had $10,522,616 in expenses related to government activities. However, only $965,822 of these expenses were offset by program specific charges and grants.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the village's basic financial statements. The basic financial statements are comprised of three components:

> Government-wide financial statements,

> Fund financial statements, and

> Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the village's finances, in a manner similar to a private-sector business, and are reported using the accrual basis of accounting and economic resources measurement focus.

The statement of net position presents information on all of the village's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the village is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be divided into two types of activities: governmental and business-type. Governmental activities present the functions of the village that are principally supported by taxes and intergovernmental revenues. Business-type activities present the functions that are intended to recover all or a significant portion of their costs through user fees and charges. The village's governmental activities include functions like general government, TIF economic development, public safety and public works. The village's business-type activities include water & sewer, and athletics and exposition.

Fund financial statements

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

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the village's general government operations and the basic services it provides. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources; as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a village's near-term financing requirements.

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

The village maintains two major individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General and 1st Avenue TIF Funds, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The village adopts an annual budget for the General Fund and certain special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets adopted.

Proprietary funds

The village maintains proprietary funds, all of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government–wide financial statements. The village utilizes enterprise funds to account for its water, sewer and athletics and exposition functions.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The village's proprietary funds present the activities and balances in Water and Max Funds, which are considered to be major funds, using the accrual basis of accounting and economic resources measurement focus. Proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary funds reflect the private-sector type operation, where the fee for service typically covers all or most of the cost of operation and maintenance including depreciation.

Fiduciary funds

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

Notes to basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the village's contributions and pension information of the Illinois Municipal Retirement Fund, Retirees' Health Plan, Police Pension Fund and Firefighters' Pension Fund; as well as, budget to actual comparisons of the funds. Supplementary schedules include combining and individual fund schedules of all non-major funds and Fiduciary Funds.

Government-Wide Financial Analysis

Table 1
Condensed Statements of Net Position
(in actual dollars)

	Governmental Activities 2017	Governmental Activities 2016	Change
Assets/Deferred Outflows			
Current and other assets/deferred outflows	$ 26,322,758	$ 22,424,242	17.4%
Capital assets	2,247,859	2,140,130	5.0%
Total assets/deferred outflows	28,570,617	24,564,372	16.3%
Liabilities/Deferred Inflows			
Long-term liabilities	41,432,189	42,429,864	(2.4)%
Other liabilities/deferred inflows	12,127,251	11,160,716	8.7%
Total liabilities/deferred inflows	53,559,440	53,590,580	(0.1)%
Net position			
Net investment in capital assets	2,247,859	2,140,130	5.0%
Restricted	7,461,286	4,789,600	55.8%
Unrestricted	(34,697,968)	(35,955,938)	(3.5)%
Total net position	$ (24,988,823)	$ (29,026,208)	(13.9)%

Table 1
Condensed Statements of Net Position
(in actual dollars)

	Business-Type Activities			Total		
	2017	*2016*	*Change*	*2017*	*2016*	*Change*
Assets/Deferred Outflows						
Current and other assets	$ 6,298,589	$ 5,680,318	10.9%	$ 32,621,347	$ 28,104,560	16.1%
Capital assets	25,568,533	26,131,356	(2.2)%	27,816,392	28,271,486	-1.6%
Total assets/deferred outflows	31,867,122	31,811,674	0.2%	60,437,739	56,376,046	7.2%
Liabilities/ Deferred Inflows						
Long-term liabilities	13,695,491	14,062,786	(2.6)%	55,127,680	56,492,650	(2.4)%
Other liabilities	1,196,499	954,470	25.4%	13,323,750	12,115,186	10.0%
Total liabilities/deferred inflows	14,891,990	15,017,256	(0.2)%	68,451,430	68,607,836	(0.2)%
Net position						
Net investment in capital assets	15,417,812	15,614,770	(1.3)%	17,665,671	17,754,900	(0.5)%
Restricted	-	-		7,461,286	4,789,600	55.8%
Unrestricted	1,557,320	1,179,648	32.0%	(33,140,648)	(34,776,290)	(4.7)%
Total net position	$ 16,975,132	$ 16,794,418	1.1%	$ (8,013,691)	$ (12,231,790)	(34.5)%

Normal Impacts

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

Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for capital – which will increase current assets and long-term debt.

Spending borrowed proceeds on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) increase capital assets and long-term debt, which will not change the net position net investment in capital assets.

Spending of non-borrowed current assets on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) will reduce unrestricted net position and increase invested in capital assets, net of related debt.

Principal payment on debt – which will: (a) reduce current assets and reduce long-term debt; and, (b) reduce unrestricted net position and increase net position invested in capital assets, net of related debt.

Reduction of capital assets through depreciation – which will reduce capital assets and net position invested in capital assets, net of related debt.

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the village, total net position increased by $4,218,099 decreasing its prior year's deficit of $12,231,790 to a deficit of $8,013,691. The village's total assets/deferred outflows equal $60,261,979. The village's total liabilities/deferred inflows equal $68,451,430.

The deficit in unrestricted net position is primarily the result of the village's tax increment financing (TIF) districts and the net pension liabilities. The TIFs were developed to encourage economic development within the village. As part of the process of encouraging development within the TIFs, the village issued Tax Increment Financing bonds which have a balance of $8,421,000 as of the end of the fiscal year. These bonds did not produce a capital asset that is owned by the village, and even though the debt is payable from the incremental taxes generated by the TIF, the bonds are, nonetheless, required to be reported as a liability of the village. The village also issued General Obligation Debt to fund, in part, a current refunding of TIF bonds in 2016. These bonds have a balance of $16,715,648 as of the end of the fiscal year.

A portion of the net position of the governmental activities is restricted for street maintenance, road improvements, drug enforcement, and community development. The unrestricted combined balance, for both governmental and business-type activities, was a deficit of $33,140,648.

Table 2
Condensed Statements of Activities
(in actual dollars)

	Governmental Activities		
	2017	*2016*	*Change*
Revenues			
Program revenues			
Charges for services	$ 749,621	$ 710,914	5.4%
Operating grants and contributions	216,201	355,379	(39.2)%
General revenues			
Taxes	13,217,185	11,561,323	14.3%
Other general revenues	455,351	1,100,011	(58.6)%
Total revenues	14,638,358	13,727,627	6.6%
Expenses			
General government	3,217,365	2,941,363	9.4%
Public safety	5,093,401	4,882,341	4.3%
Public works	556,285	498,191	11.7%
Community development	822,395	1,545,961	-46.8%
Interest on long term debt	833,170	1,578,404	(47.2)%
Total expenses	10,522,616	11,446,260	-8.1%
Transfers/contributions	(78,357)	46,792	-267.5%
Change in net position	4,037,385	2,328,159	73.4%
Net position, beginning of year	(29,026,208)	(31,354,367)	-7.4%
Net position, end of year	$ (24,988,823)	$ (29,026,208)	(13.9)%

Table 2
Condensed Statements of Activities
(in actual dollars)

	Business-Type Activities				*Total*	
	2017	*2016*	*Change*	*2017*	*2016*	*Change*
Revenues						
Program revenues						
Charges for services	$ 11,152,465	$ 11,315,329	-1.4%	$ 11,902,086	$ 12,026,243	(1.0)%
Operating grants and contributions	-	-		216,201	355,379	(39.2)%
General revenues						
Taxes	-	-		13,217,185	11,561,323	14.3%
Other general revenues	6,396	608	952.0%	461,747	1,100,619	-58.0%
Total revenues	11,158,861	11,315,937	-1.4%	25,797,219	25,043,564	3.0%
Expenses						
General government	-	-		3,217,365	2,941,363	9.4%
Public safety	-	-		5,093,401	4,882,341	4.3%
Public works	-	-		556,285	498,191	11.7%
TIF economic development	-	-	-%	822,395	1,545,961	-46.8%
Interest on long term debt - GA	-	-		833,170	1,578,404	(47.2)%
Water & Sewer	8,475,983	8,710,633	(2.7)%	8,475,983	8,710,633	(2.7)%
Athletics and exposition	2,580,521	1,820,900	41.7%	2,580,521	1,820,900	41.7%
Interest on long term debt - BTA	-	674,095	-100.0%	-	674,095	-100.0%
Total expenses	11,056,504	11,205,628	-1.3%	21,579,120	22,651,888	-4.7%
Transfers/contributions	78,357	(46,792)	(267.5)%	-	-	
Change in net position	180,714	63,517	184.5%	4,218,099	2,391,676	76.4%
Net position, beginning of year	16,794,418	16,730,901	0.4%	(12,231,790)	(14,623,466)	-16.4%
Net position end of year	$ 16,975,132	$ 16,794,418	1.1%	$ (8,013,691)	$ (12,231,790)	(34.5)%

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues

Economic condition – which can reflect a declining, stable or growing economic environment, and has substantial impact on state sales, replacement and hotel/motel tax revenue; as well as, public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/decrease in village approved rates – while certain tax rates are set by statute, the village has significant authority to impose and periodically increase/decrease rates (water, home rule sales tax, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

Market impacts on investment income – the village's investments may be affected by market conditions causing investment income to increase/decrease.

Expenses

Introduction of new programs – within the functional expense categories (general government, public safety, public works, and community development), individual programs may be added or deleted to meet changing community needs.

Change in authorized personnel – changes in service demand may cause the village to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the village.

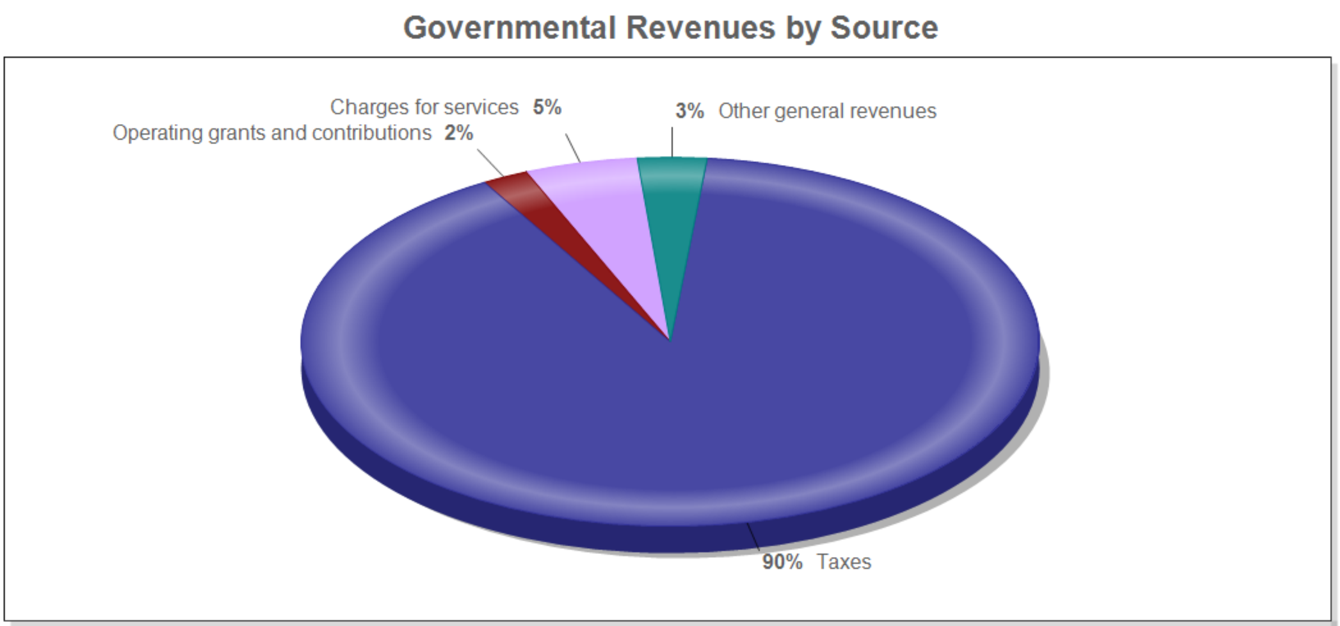
Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the village to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the village is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

The Governmental Activities experienced an increase in revenue due to an increase in property taxes. As a result, the net position deficit decreased to $24,988,823 as compared to a deficit of $29,026,208 in the prior fiscal year.

Governmental Activities

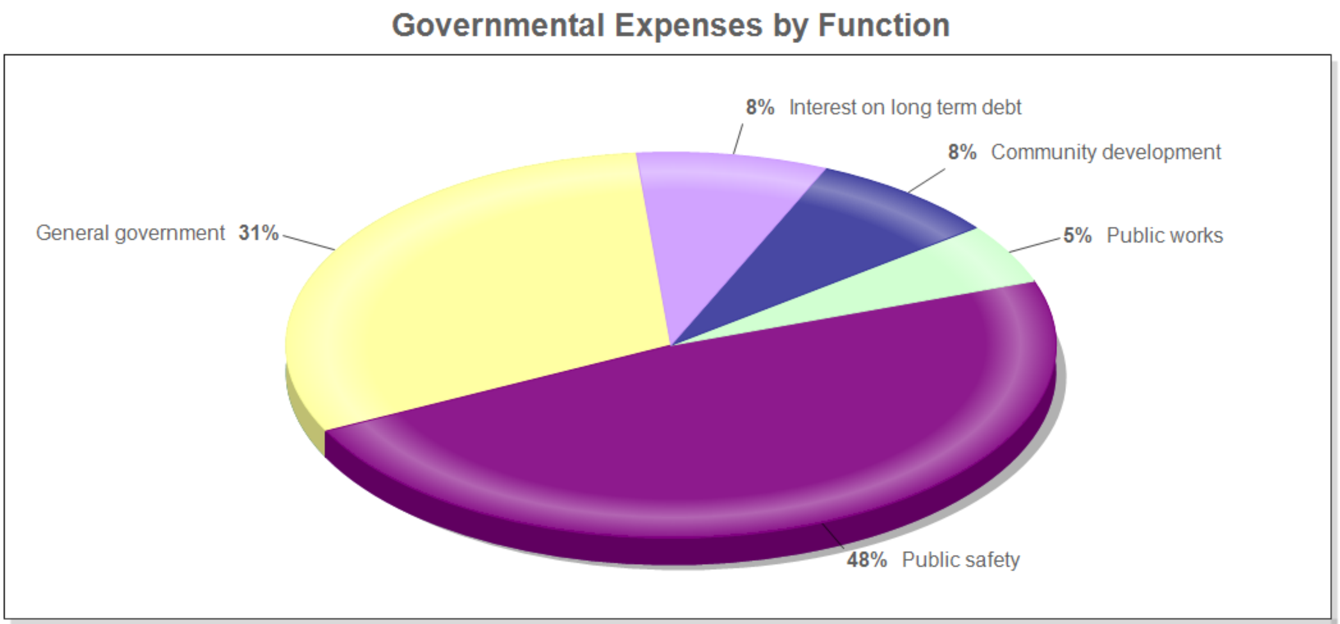


Revenues

The village has a large industrial base. In Illinois, large corporations have recently been successful at reducing their assessed valuations on which their real estate tax levies are based. The process to reduce these assessments or file and resolve other tax disputes can take years to wind their way through County and State boards and courts.

2017 is the tenth year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected approximately $4.6 million within the TIF District during the year. The village also began collecting property taxes for the Joliet Road TIF in 2009, making 2017 the eighth year with collections from the TIF. 2017 collections totaled approximately $0.2 million. Additionally, the village began collecting property taxes for the Riverside TIF in 2015. 2017 collections totaled approximately $1 million.

The business-type activity of the Village of McCook includes the Water Department, Sewer Department and McCook Athletic and Exposition Center (Max). The Water Department serves the Village of McCook residents and businesses, along with providing water to the Villages of Hodgkins, Riverside, Indian Head Park, Countryside and LaGrange. Pricing for water is based on a schedule set by the village and reflects increases as passed along from the village’s supplier, the City of Chicago. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The City of Chicago has annually adjusted rates and this adjustment is passed along to village customers. The operating revenues of the Water Department were approximately $9.4 million, which is similar to 2016. The operating revenues of the Max were approximately $1.8 million in 2017, which is similar to 2016.



Expenses

Expenses for 2017 were $10.5 million for governmental activities, which is approximately $1.1 million less than the prior year.

The expenses for business-type activities were similar to 2016.

Financial Analysis of the Village's Funds

At the end of the current fiscal year, the Village of McCook's governmental funds reported a combined (major and non-major) ending fund balance of $13,096,239 which is an increase of $3.3 million from fiscal year 2016. The revenues approximated expenditures in the general fund due to an increase in taxes.

The Proprietary Funds are the Water and Sewer Departments and the Max (McCook Athletic and Exposition Center). The operating revenue for the Water Department are consistent with operating revenue in 2016. The operating income for the Water Fund for fiscal 2017 was $899,245 before consideration of non-operating revenues and expenses and transfers.

The Max Fund operated at a deficit in 2017, and total net position decreased by $18,531. The Max Fund finished the year with a net position of $7,829,032. The net position of all proprietary funds at the end of fiscal 2017 equaled $16,975,132, of which $1,557,320 is unrestricted. Transfers to the General Fund from the Water Fund totaled $700,000.

General Fund Budgetary Highlights

The original budget was not amended during the year. The actual revenues were greater than projected total revenues in the General Fund by approximately $951,000 for the year ended December 31, 2017.

The actual expenditures for fiscal 2017 were less than budget by approximately $2.6 million, a result of an attempt to adjust spending to projected revenues. Additional amounts were transferred from the Water Fund and 1st Ave TIF Fund to the General Fund. The General Fund balance as of December 31, 2017 is $5,806,641.

Capital Assets and Debt Administration

Capital assets

By the end of 2017, the village had compiled a total investment of $45,810,080 ($27,816,392 net of accumulated depreciation) in a broad range of capital assets including land, buildings, vehicles, machinery and equipment, and infrastructure. Total depreciation expense for the year was $1,064,926. More detailed information about capital assets can be found in Note III D. of the basic financial statements.

Table 3
Capital Assets (net of depreciation)
(in actual dollars)

	Governmental Activities		
	2017	*2016*	*Change*
Land	$ 168,488	$ 168,488	
Land improvements	948	1,477	(35.8)%
Buildings and building improvements	856,944	656,570	30.5%
Vehicles	411,087	428,687	(4.1)%
Machinery and equipment	464,843	482,468	(3.7)%
Infrastructure	345,549	402,440	(14.1)%
Total	$ 2,247,859	$ 2,140,130	5.0%

Table 3
Capital Assets (net of depreciation)
(in actual dollars)

	Business-Type Activities			Total		
	2017	*2016*	*Change*	*2017*	*2016*	*Change*
Land	$ 2,142,625	$ 2,142,625		$ 2,311,113	$ 2,311,113	
Land Improvements	1,423,768	1,466,171	-2.9%	1,424,716	1,467,648	(2.9)%
Buildings and building improvements	17,060,272	17,510,588	(2.6)%	17,917,216	18,167,158	(1.4)%
Vehicles	5,855	17,751	(67.0)%	416,942	446,438	(6.6)%
Machinery and equipment	634,013	522,572	21.3%	1,098,856	1,005,040	9.3%
Infrastructure	4,302,000	4,471,649	(3.8)%	4,647,549	4,874,089	(4.6)%
Total	$ 25,568,533	$ 26,131,356	-2.2%	$ 27,816,392	$ 28,271,486	-1.6%

Debt Administration

The debt administration discussion covers three types of debt reported by the village's financial statements. The village's governmental activities debt includes $25,136,648 in TIF and General Obligation bonds, $451,936 for vested compensated absences and $4,689,935 of net OPEB obligation. The TIF bonds and the General Obligation bonds will be repaid through incremental tax revenue generated within the TIF districts and property taxes levied for the repayment of general obligation debt. The village's governmental activities reported total debt of $41,432,189 at December 31, 2017.

The village's business-type activities debt includes $12,447,215 of general obligation debt, $172,982 in vested compensated absences, and a $1,075,294 net OPEB obligation. The general obligation debt is paid primarily by revenues generated by the McCook Athletic and Exposition Center (Max Fund).

Additional information on long-term debt obligations can be found in Note III F. to the financial statement.

Factors Bearing on the Village's Future

The general economic conditions of southwestern Cook County and the Chicago metropolitan statistical area are affected by the national economic downturn. The village has experienced turnover of several industrial facilities and is presently marketing the village and working with developers to encourage new development. The village is located in an Illinois enterprise zone and has the advantage of several incentive packages to industry that help keep it competitive as compared to other industrial locations. Also, the village has approved three tax increment financing districts within the village boundaries. To date, multiple industrial buildings are being developed within these areas and the village expects an overall increase of economic impact as a result. The impact is expected to range from permits and fees, to sales taxes, to restricted tax increment financing revenue.

All of the local economic factors, revenue projections, and analysis of village expenditures are being factored into fiscal 2018 budget plans.

Requests for Information

This financial report is designed to provide the village's citizens, taxpayers, and creditors with a general overview of the village's finances and to demonstrate the village's accountability for the money it receives. If you have questions about this report, need additional financial information, or would like a copy of the financial statements for the Police Pension Fund or Firefighters' Pension Fund, contact the Business Office:

Village of McCook
5000 Glencoe Avenue
McCook, Illinois 60525-7804

VILLAGE OF MCCOOK

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	$ 11,325,828	$ 4,961,332	$ 16,287,160
Investments	253,024	525,664	778,688
Receivables (net)			
Real estate taxes	10,077,990	-	10,077,990
Fees receivable	-	785,462	785,462
Other	79,197	-	79,197
Due from other governments	507,865	-	507,865
Advances to other funds	287,500	-	287,500
Prepaid items	155,124	26,131	181,255
Net pension asset	117,496	-	117,496
Land held for resale	910,362	-	910,362
Restricted cash and investments	171,688	-	171,688
Capital Assets (net of accumulated depreciation)			
Land	168,488	2,142,625	2,311,113
Land improvements	948	1,423,768	1,424,716
Buildings and building improvements	856,944	17,060,272	17,917,216
Machinery and equipment	464,843	634,013	1,098,856
Infrastructure	345,549	4,302,000	4,647,549
Vehicles	411,087	5,855	416,942
Total Assets	26,133,933	31,867,122	58,001,055
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,436,684	-	2,436,684
Total Deferred Outflows of Resources	2,436,684	-	2,436,684
LIABILITIES			
Accounts payable	245,561	564,588	810,149
Accrued salaries	179,214	68,077	247,291
Unearned revenue	13,917	223,618	237,535
Payroll liabilities	17,101	-	17,101
Accrued interest payable	61,066	52,716	113,782
Advances from other funds	-	287,500	287,500
Noncurrent Liabilities			
Due within one year	1,287,025	556,334	1,843,359
Due in more than one year	28,991,494	13,139,157	42,130,651
Net pension liability	11,153,670	-	11,153,670
Total Liabilities	41,949,048	14,891,990	56,841,038
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for receipt in future periods	10,073,329	-	10,073,329
Deferred inflows of resources related to pensions	1,537,063	-	1,537,063
Total Deferred Inflows of Resources	11,610,392	-	11,610,392
NET POSITION			
Net investment in capital assets	2,247,859	15,417,812	17,665,671
Restricted for			
Highways and streets	32,948	-	32,948
Public safety	342,261	-	342,261
Community development	7,042,569	-	7,042,569
Debt service	43,508	-	43,508
Unrestricted (deficit)	(34,697,968)	1,557,320	(33,140,648)
TOTAL NET POSITION	$ (24,988,823)	$ 16,975,132	$ (8,013,691)

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	$ 3,217,365	$ 406,808	$ -
Public safety	5,093,401	342,813	210,348
Public works	556,285	-	5,853
Community development	822,395	-	-
Interest on long term debt	833,170	-	-
Total Governmental Activities	10,522,616	749,621	216,201
Business-type Activities			
Water and sewer	8,475,983	9,375,228	-
Athletics and exposition	2,580,521	1,777,237	-
Total Business-type Activities	11,056,504	11,152,465	-
Total	$ 21,579,120	$ 11,902,086	$ 216,201

General Revenues
Taxes
Real estate
Replacement
State income
Sales
Dumping
Tax stamps
Mineral sales / use
2% Fire
Environmental
Telecommunications
Host
Waste Transfer
Unrestricted investment earnings
Refunds
Miscellaneous
Total General Revenues
Transfers
Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Totals
$ (2,810,557)	$ -	$ (2,810,557)
(4,540,240)	-	(4,540,240)
(550,432)	-	(550,432)
(822,395)	-	(822,395)
(833,170)	-	(833,170)
(9,556,794)	-	(9,556,794)
-	899,245	899,245
-	(803,284)	(803,284)
-	95,961	95,961
(9,556,794)	95,961	(9,460,833)
10,157,269	-	10,157,269
588,559	-	588,559
23,506	-	23,506
1,593,556	-	1,593,556
89,592	-	89,592
449,220	-	449,220
37,092	-	37,092
5,627	-	5,627
40,000	-	40,000
150,157	-	150,157
16,570	-	16,570
66,037	-	66,037
88,556	6,396	94,952
19,976	-	19,976
346,819	-	346,819
13,672,536	6,396	13,678,932
(78,357)	78,357	-
13,594,179	84,753	13,678,932
4,037,385	180,714	4,218,099
(29,026,208)	16,794,418	(12,231,790)
$ (24,988,823)	$ 16,975,132	$ (8,013,691)

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	$ 5,651,088	$ 4,595,436	$ 1,079,304	$ 11,325,828
Investments	253,024	-	-	253,024
Receivables (net)				
Real estate taxes	3,860,961	4,507,260	1,709,769	10,077,990
Other	79,197	-	-	79,197
Restricted cash and investments	171,688	-	-	171,688
Prepaid items	155,124	-	-	155,124
Due from other governments	507,865	-	-	507,865
Due from other funds	-	404,719	416,996	821,715
Interfund advances	-	287,500	-	287,500
Land held for resale	-	910,362	-	910,362
TOTAL ASSETS	$ 10,678,947	$ 10,705,277	$ 3,206,069	$ 24,590,293
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 245,561	$ -	$ -	$ 245,561
Accrued salaries	179,214	-	-	179,214
Payroll liabilities	17,101	-	-	17,101
Unearned revenue	13,917	-	-	13,917
Due to other funds	416,996	-	404,719	821,715
Total Liabilities	872,789	-	404,719	1,277,508
Deferred Inflows of Resources				
Property taxes levied for receipt in future periods	3,856,300	4,507,260	1,709,769	10,073,329
Unavailable local revenue	143,217	-	-	143,217
Total Deferred Inflows of Resources	3,999,517	4,507,260	1,709,769	10,216,546
Fund Balances				
Nonspendable for prepaid expenditures	155,124	-	-	155,124
Restricted for public safety	171,687	-	170,573	342,260
Restricted for community development	-	6,198,017	844,552	7,042,569
Restricted for highways and streets	-	-	32,948	32,948
Restricted for debt service purposes	-	-	43,508	43,508
Unassigned (deficit)	5,479,830	-	-	5,479,830
Total Fund Balances	5,806,641	6,198,017	1,091,581	13,096,239
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 10,678,947	$ 10,705,277	$ 3,206,069	$ 24,590,293

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2017

Total Fund Balances - Governmental Funds	$ 13,096,239
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III D.	2,247,859
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	143,217
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	117,496
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,436,684
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,537,063)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(25,136,648)
Compensated absences	(451,936)
Net pension liabilities	(11,153,670)
Net OPEB obligation	(4,689,935)
Accrued interest payable	(61,066)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (24,988,823)

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	$ 6,906,632	$ 4,599,245	$ 1,737,458	$ 13,243,335
Intergovernmental	210,348	-	5,853	216,201
Licenses, permits and fees	492,683	-	40,785	533,468
Fines and police reports	221,773	-	-	221,773
Investment income	65,614	22,566	376	88,556
Miscellaneous	361,175	-	-	361,175
Total Revenues	8,258,225	4,621,811	1,784,472	14,664,508
EXPENDITURES				
Current				
General government	3,126,005	-	-	3,126,005
Public safety	4,523,640	-	-	4,523,640
Public works	324,160	-	-	324,160
TIF economic development	-	36,762	793,462	830,224
Repairs and maintenance	-	-	80,185	80,185
Debt Service				
Principal retirement	-	590,000	485,000	1,075,000
Interest and other	-	906,026	96,019	1,002,045
Capital Outlay	286,846	-	-	286,846
Total Expenditures	8,260,651	1,532,788	1,454,666	11,248,105
Excess (deficiency) of revenues over expenditures	(2,426)	3,089,023	329,806	3,416,403
OTHER FINANCING SOURCES (USES)				
Transfers in	1,366,993	-	61,321	1,428,314
Transfers out	(631,849)	(823,306)	(43,687)	(1,498,842)
Total Other Financing Sources (Uses)	735,144	(823,306)	17,634	(70,528)
Net Change in Fund Balances	732,718	2,265,717	347,440	3,345,875
FUND BALANCES - Beginning of Year	5,073,923	3,932,300	744,141	9,750,364
FUND BALANCES - END OF YEAR	$ 5,806,641	$ 6,198,017	$ 1,091,581	$ 13,096,239

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	$ 3,345,875
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	398,639
Depreciation is reported in the government-wide financial statements	(272,821)
Net book value of assets retired	(18,089)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(26,150)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	1,075,000
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Debt premium	173,373
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(31,647)
Net OPEB obligation	(317,432)
Net pension asset	(110,961)
Net pension liability	98,381
Deferred outflows of resources related to pensions	(430,842)
Deferred inflows of resources related to pensions	158,557
Accrued interest payable	(4,498)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 4,037,385

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	$ 3,706,850	$ 1,254,482	$ 4,961,332
Investments	400,714	124,950	525,664
Receivables (net)			
Accounts	773,724	11,738	785,462
Prepaid items	26,131	-	26,131
Total Current Assets	4,907,419	1,391,170	6,298,589
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Land	-	2,142,625	2,142,625
Land improvements	-	1,423,768	1,423,768
Vehicles	2	5,853	5,855
Machinery and equipment	167,202	466,811	634,013
Infrastructure	4,302,000	-	4,302,000
Buildings and improvements	1,140,567	15,919,705	17,060,272
Total Noncurrent Assets	5,609,771	19,958,762	25,568,533
Total Assets	10,517,190	21,349,932	31,867,122
LIABILITIES			
Current Liabilities			
Accounts payable	511,090	53,498	564,588
Accrued salaries	32,055	36,022	68,077
Unearned revenue	-	223,618	223,618
Accrued interest	-	52,716	52,716
Advances from other funds	-	287,500	287,500
Total Current Liabilities	543,145	653,354	1,196,499
Noncurrent Liabilities			
Long-Term Debt			
Due within one year	42,967	513,367	556,334
Due in more than one year	784,978	12,354,179	13,139,157
Total Liabilities	1,371,090	13,520,900	14,891,990
NET POSITION			
Net investment in capital assets	5,609,771	9,808,041	15,417,812
Unrestricted	3,536,329	(1,979,009)	1,557,320
TOTAL NET POSITION	$ 9,146,100	$ 7,829,032	$ 16,975,132

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
OPERATING REVENUES			
Water and sewer charges	$ 9,352,574	$ -	$ 9,352,574
Late charges	22,654	-	22,654
Rentals and sales	-	1,777,237	1,777,237
Total Operating Revenues	9,375,228	1,777,237	11,152,465
OPERATING EXPENSES			
Personnel services	587,572	725,412	1,312,984
Contractual services	7,357,239	361,297	7,718,536
Supplies	11,844	56,192	68,036
Repairs and maintenance	54,104	60,128	114,232
Electricity	233,899	127,753	361,652
Depreciation	230,893	561,212	792,105
Other charges	432	30,579	31,011
Total Operating Expenses	8,475,983	1,922,573	10,398,556
Operating Income (Loss)	899,245	(145,336)	753,909
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	6,396	6,396
Bond interest expense	-	(657,948)	(657,948)
Total Nonoperating Revenues (Expenses)	-	(651,552)	(651,552)
Income (Loss) Before Contributions and Transfers	899,245	(796,888)	102,357
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	7,829	7,829
Transfers in	-	770,528	770,528
Transfers out	(700,000)	-	(700,000)
Total Contributions and Transfers	(700,000)	778,357	78,357
Change in Net Position	199,245	(18,531)	180,714
NET POSITION - Beginning of Year	8,946,855	7,847,563	16,794,418
NET POSITION - END OF YEAR	$ 9,146,100	$ 7,829,032	$ 16,975,132

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 9,356,220	$ 1,827,474	$ 11,183,694
Paid to suppliers for goods and services	(7,791,850)	(606,130)	(8,397,980)
Paid to employees for services	(520,939)	(703,176)	(1,224,115)
Net Cash Flows From Operating Activities	1,043,431	518,168	1,561,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	6,396	6,396
(Purchase) of investment securities	-	(124,950)	(124,950)
Net Cash Flows From (Used By) Investing Activities	-	(118,554)	(118,554)
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES			
Transfers - in from (out to) other funds	(700,000)	770,528	70,528
Interfund borrowing / (lending)	61,321	489,729	551,050
Net Cash Flows From (Used By) Noncapital Financing Activities	(638,679)	1,260,257	621,578
CASH FLOWS (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	-	(450,000)	(450,000)
Interest paid	-	(653,560)	(653,560)
Acquisition and construction of capital assets	(176,440)	(46,548)	(222,988)
Net Cash Flows (Used By) Capital and Related Financing Activities	(176,440)	(1,150,108)	(1,326,548)
Net Change in Cash and Cash Equivalents	228,312	509,763	738,075
CASH AND CASH EQUIVALENTS - Beginning of Year	3,478,538	744,719	4,223,257
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,706,850	$ 1,254,482	$ 4,961,332

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ 899,245	$ (145,336)	$ 753,909
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	230,893	561,212	792,105
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(19,008)	212	(18,796)
Increase (decrease) in accounts payable	(134,332)	29,819	(104,513)
Increase in accrued salaries	2,412	8,480	10,892
Increase in compensated absences	17,288	1,767	19,055
Increase in net OPEB obligation	46,933	11,989	58,922
Increase in unearned revenue	-	50,025	50,025
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 1,043,431	$ 518,168	$ 1,561,599
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contribution	$ -	$ 7,829	

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of December 31, 2017

	Pension Trusts
ASSETS	
Cash and cash equivalents	$ 745,020
Investments - certificates of deposits with banks	197,833
Investments - other, at fair value	10,348,916
Interest receivable	8,981
Total Assets	11,300,750
NET POSITION	
Restricted for pension benefits	$ 11,300,750

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2017

	Pension Trusts
ADDITIONS	
Contributions:	
Employer contributions	$ 900,000
Employee contributions	178,729
Total Contributions:	1,078,729
Investment income:	
Mutual Funds	343,165
Net appreciation in fair value of investments	658,950
Government securities	48,131
Insurance contracts	26,364
Bank deposits	1,534
Total Investment Income	1,078,144
Less Investment management fees	(50,391)
Net Investment Income	1,027,753
Total Additions	2,106,482
DEDUCTIONS	
Payments to participants	622,426
Payments to beneficiaries	149,587
Administrative	43,287
Total Deductions	815,300
Change in Net Position	1,291,182
NET POSITION - Beginning of Year	10,009,568
NET POSITION - END OF YEAR	$ 11,300,750

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of McCook, Illinois (the "village") was incorporated in 1926. The village is a home-rule municipality, under the 1970 Illinois Constitution, located in Cook County, Illinois. The village operates under a President-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning, and general administrative services.

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

A. Reporting Entity

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Blended Component Unit

The 911 Emergency Telephone System Board serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The Board is reported as a special revenue fund. The Board does not issue separate financial statements.

Pension Trusts

The Police Pension Employees Retirement System (PPERS) is established for the village's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the village’s President, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The village and the PPERS participants are obligated to fund all 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 possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village’s police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements. Separately issued financial statements of the PPERS may be obtained from the PPERS.

The Firefighters’ Pension Employees Retirement System (FPERS) is established for the village's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the village’s President, one pension beneficiary elected by the membership; and two fire employees elected by the membership constitute the pension board. The village and the FPERS participants are obligated to fund all FPERS 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 possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village’s firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements. Separately issued financial statements of the FPERS may be obtained from the FPERS.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues 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. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Government-Wide and Fund Financial Statements (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

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

b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.

c. In addition, any other governmental fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
1st Avenue TIF Fund - accounts for incremental real estate tax revenues received from the village's Tax Increment Financing district that are to be used for the redevelopment of sites within the Redevelopment Project Area along 1st Avenue for more market oriented commercial uses of the properties to enhance the value of those properties and improve their contributions to the village and its surrounding area.

The village reports the following major enterprise funds:

Water Utility - accounts for operations of the water and sewer systems
MAX Fund - accounts for operations of the McCook Athletic and Exposition Center

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS* (cont.)

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor Fuel Tax Fund	911 E.T.S. Fund
Joliet Road TIF Fund	IDCEO Grant Fund
Riverside TIF Fund	

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Debt Service Fund

In addition, the village reports the following fund types:

Pension Trust Funds - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans.

Police Pension Fund
Firefighters' Pension Fund

C. *MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION*

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred inflows. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. *ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY*

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of $10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

The village has adopted an investment policy. That policy follows the state statute for allowable investments, except commercial paper, repurchase agreements on government securities, derivative products, reverse repurchase agreements, or tri-party repurchase agreements.

Interest Rate Risk

The village's and pensions' investment policies seek to ensure preservation of capital in the village's and pensions' overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The village's and police pension's policies limit the village and police pension to investments with a maturity of no more than 20 years from the date of purchase, unless matched to a specific cash flow. The firefighters' pension's policy does not limit investment maturities except as part of statutory requirements, as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all of the policies requires the village's and pensions' investment portfolio to be sufficiently liquid to enable the village and pensions to meet all operating requirements as they come due.

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The village's and pension's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity* (cont.)

1. ***Deposits and Investments*** (cont.)

Concentration of Credit Risk

The village's and pensions' investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The village's and police pension's policy further states that up to 35% of the market value of the portfolio's present net position may be invested in any combination of separate life insurance accounts or mutual funds. The firefighters' pension investment policy does not specifically address these risks.

Custodial Credit Risk - Deposits

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The village does not require collateralization of deposits, unless the amount of the funds deposited in a financial institution exceeds 50% of the capital stock and surplus of a bank, exceeds 50% of the net worth of a savings bank or savings and loan association, or exceeds 50% of the unimpaired capital and surplus of a credit union. The police pension's and firefighters' pension's investment policy limits exposure to deposit custodial credit risk by requiring deposits in excess of FDIC insurable limits to be collateralized.

Custodial Credit Risk - Investments

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The village's investment policy does not require collateralization of investments, unless the amount of funds deposited in a financial institution exceeds 50% of the capital stock and surplus of a bank, or exceeds 50% of the unimpaired capital and surplus of a credit union. The police pension's and firefighters' pension's investment policies do not specifically address these risks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity* (cont.)

1. *Deposits and Investments* (cont.)

See Note II. A. for further information.

2. *Receivables*

Property taxes for levy year 2017 attaches as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2017 tax levy, which attached as an enforceable lien on the property as of January 1, 2017, has been recorded as a receivable as of December 31, 2017.

Tax bills for levy year 2017 are prepared by the Cook County Collector and are payable in two installments, due on or about March 1, 2018 and August 1, 2018 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2017 property tax levy is recognized as a receivable and deferred inflow in fiscal 2017, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2017, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2017 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent ($205,578) of outstanding property taxes at December 31, 2017.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

3. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $1,000 for general capital assets and $1,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	50	Years
Land Improvements	20	Years
Machinery and Equipment	5-15	Years
Infrastructure	30	Years
Water/Sewer Infrastructure	50	Years
Street Infrastructure	30	Years
Vehicles	8	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. *ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY* (cont.)

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources. Employees earn a specified amount of vacation and sick leave each year. Vacations are accrued on a monthly basis and are used on a first in - first out basis. Vacations may accrue without limit. The liability for sick pay is recognized based on the employee's current rate of pay at year-end. Upon termination accumulated sick leave shall be paid at a proportionate rate equal to years of service for the remaining sick leave accumulated. The liability for sick pay is recognized based upon the employee's current rate of pay at year - end and years of service accumulated.

8. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

The village has approved the issuance of educational facilities refunding revenue bonds and community revenue bonds for the benefit of two nonprofit organizations. The educational facilities refunding revenue bonds and the community revenue bonds are secured by revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At year end, the aggregate principal amount for the 2015 outstanding educational facilities refunding revenue bonds and the 2015 community revenue bonds outstanding could not be determined; however, their original issue amounts totaled $2,565,000 and $6,940,000, respectively.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. *ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY* (cont.)

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position/fund balance and displayed in three components:

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on their 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 legislation.

c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

b. Restricted - Consists of fund balances with constraints placed on their 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 legislation.

c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity* (cont.)

10. *Equity Classifications* (cont.)

Fund Statements (cont.)

d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned through the following; The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.

e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

11. *Land Held for Resale*

The village's land held for resale includes land that is being held for sale for future development of the village. The assets are valued at lower of cost or market.

NOTE II - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 9,517,815	$ 9,674,688	Custodial credit risk - deposits
US agencies	3,200	3,200	Custodial credit risk - investments; Interest rate risk
Mutual funds	5,551,604	5,551,604	N/A
Illinois Funds	8,049,987	8,049,987	Credit risk
Corporate bonds	254,040	254,040	Credit risk - investments; custodial credit risk - investments; concentration of credit risk; interest rate risk; investments highly sensitive to interest rate changes; foreign currency risk
Insurance contracts	3,801,820	3,801,820	Concentration of credit risk; Credit risk
FFI Premier Institutional Money Market Fund	607,892	607,892	Credit risk
State and local obligations	738,252	738,252	Custodial credit risk - investments; Credit risk; Interest rate risk; Concentration of credit risk
Petty cash	4,695	4,695	N/A
Total Deposits and Investments	$ 28,529,305	$ 28,686,178	

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements

Per statement of net position	
Unrestricted cash and cash equivalents	$ 16,287,160
Restricted cash and investments	171,688
Investments	778,688
Per statement of net position - fiduciary funds	
Cash and cash equivalents	745,020
Certificates of deposits classified as investments	197,833
Investments - other	10,348,916
Total Deposits and Investments	$ 28,529,305

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts) and $250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposit accounts.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of $500,000 per customer, of which $100,000 may be in cash. Additionally, through Lloyds of London, accounts have additional securities coverage of $99.5 million per customer, subject to a $500 million aggregate firm limit. $500,000 of the village's investments are covered by SIPC.

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.
The valuation methods for recurring fair value measurements are as follows:

Police Pension	December 31, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds	$ 5,475,988	$ -	$ -	$ 5,475,988
State and local obligations	-	686,872	-	686,872
U.S. agencies (explicitly)	-	3,200	-	3,200
Insurance contracts	-	-	3,801,820	3,801,820
Total	$ 5,475,988	$ 690,072	$ 3,801,820	$ 9,967,880

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

A. *Deposits and Investments* (cont.)

Firefighters' Pension	December 31, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds	$ 75,616	$ -	$ -	$ 75,616
State and local obligations	-	51,380	-	51,380
Corporate bonds	-	254,040	-	254,040
Total	$ 75,616	$ 305,420	$ -	$ 381,036

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

The village does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk 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.

The village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2017, the village's investments were rated as follows:

Investment Type	Composite Ratings
Illinois Funds	AAAm
State and local obligations	A-AA
Insurance contracts	Not rated
FFI Premier Institutional Fund	Not rated
Corporate bonds	Not rated- A1

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

A. *Deposits and Investments* (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Village's and police pension's policy state that up to 35% of the market value of the portfolio's present net position may be invested in any combination of separate life insurance accounts or mutual funds. The firefighters' pension investment policy does not specifically address these risks.

At December 31, 2017, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Jackson National Life Insurance	Police pension general contract	34.63%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2017, the village's investments were as follows:

Police Pension Fund

		Maturity (In Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More Than 10
State & local G.O. bonds	$ 686,872	$ 55,299	$ 211,388	$ 356,360	$ 63,825
U.S. agencies - explicitly	3,200	-	1,103	2,097	-
Totals	$ 690,072	$ 55,299	$ 212,491	$ 358,457	$ 63,825

Firefighters' Pension Fund

		Maturity (In Months)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More Than 10
State & local G.O. bonds	$ 51,380	$ -	$ 10,224	$ -	$ 41,156
Corporate bonds	254,040	-	-	112,131	141,909
Totals	$ 305,420	$ -	$ 10,224	$ 112,131	$ 183,065

See Note I.D.1. for further information on deposit and investment policies.

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	$ 10,073,329	$ -
Local revenue received after availability period	-	143,217
Unearned telecommunication fees	13,917	-
Total Unearned/Unavailable Revenue for Governmental Funds	$ 10,087,246	$ 143,217
Unearned revenue included in liabilities	$ 13,917	
Unearned revenue included in deferred inflows	10,073,329	
Total Unearned Revenue for Governmental Funds	$ 10,087,246	

At the end of the current fiscal year, the various components of unearned revenue in the proprietary funds were as follows:

	Unearned
Unearned rental income	$ 223,618
Total Unearned Revenue for Proprietary Funds	$ 223,618

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

State and Federal Forfeiture

Police, state and federal forfeiture accounts are classified as restricted cash and investments in the financial statements.

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

D. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 168,488	$ -	$ -	$ 168,488
Total Capital Assets Not Being Depreciated	168,488	-	-	168,488
Capital assets being depreciated				
Land improvements	91,950	-	-	91,950
Buildings	1,234,892	232,250	-	1,467,142
Machinery and equipment	1,541,410	62,529	-	1,603,939
Infrastructure	3,406,872	-	-	3,406,872
Vehicles	1,776,888	103,860	93,743	1,787,005
Total Capital Assets Being Depreciated	8,052,012	398,639	93,743	8,356,908
Total Capital Assets	8,220,500	398,639	93,743	8,525,396
Less: Accumulated depreciation for				
Land improvements	(90,473)	(529)	-	(91,002)
Buildings	(578,322)	(31,876)	-	(610,198)
Machinery and equipment	(1,058,942)	(80,154)	-	(1,139,096)
Infrastructure	(3,004,432)	(56,891)	-	(3,061,323)
Vehicles	(1,348,201)	(103,371)	75,654	(1,375,918)
Total Accumulated Depreciation	(6,080,370)	(272,821)	75,654	(6,277,537)
Net Capital Assets Being Depreciated	1,971,642	125,818	18,089	2,079,371
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 2,140,130	$ 125,818	$ 18,089	$ 2,247,859

Depreciation expense was charged to functions as follows:

Governmental Activities	
Administration	$ 25,184
Public safety	113,575
Public works, which includes the depreciation of infrastructure	134,062
Total Governmental Activities Depreciation Expense	$ 272,821

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	$ 2,142,625	$ -	$ -	$ 2,142,625
Total Capital Assets Not Being Depreciation	2,142,625	-	-	2,142,625
Capital assets being depreciated				
Buildings and improvements	21,051,579	7,829	-	21,059,408
Machinery and equipment	1,636,884	222,988	9,170	1,850,702
Vehicles	344,043	-	-	344,043
Infrastructure	10,294,330	-	-	10,294,330
Land improvements	1,593,576	-	-	1,593,576
Total Capital Assets Being Depreciated	34,920,412	230,817	9,170	35,142,059
Total Capital Assets	37,063,037	230,817	9,170	37,284,684
Less: Accumulated depreciation for				
Buildings and improvements	(3,540,991)	(458,145)	-	(3,999,136)
Machinery and equipment	(1,114,312)	(110,012)	7,635	(1,216,689)
Vehicles	(326,292)	(11,896)	-	(338,188)
Infrastructure	(5,822,681)	(169,649)	-	(5,992,330)
Land improvements	(127,405)	(42,403)	-	(169,808)
Total Accumulated Depreciation	(10,931,681)	(792,105)	7,635	(11,716,151)
Net Capital Assets Being Depreciated	23,988,731	1,022,922	1,535	23,425,908
Business-type Capital Assets, Net of Accumulated Depreciation	$ 26,131,356	$ 1,022,922	$ 1,535	$ 25,568,533

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 230,893
Athletic and Exposition	561,212
Total Business-type Activities Depreciation Expense	$ 792,105

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

E. Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Debt Service	General	$ 416,996
1st Avenue TIF	Debt Service	404,719
Total - Fund Financial Statements		821,715
Less: Government-wide eliminations		(821,715)
Total Internal Balances - Government-Wide Statement of Net Position		$ -

All amounts are due within one year.

The due from/to balance between the Debt Service Fund and the 1st Avenue TIF Fund relates to portion of the 2016A debt service amounts.

The due from/to balance between the General Fund and the Debt Service Fund relates to the resplit on property taxes.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount
1st Avenue TIF	MAX	$ 287,500
Total		$ 287,500

The principal purpose of this advance is to refund a portion of the 2008 MAX bonds.

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

E. Interfund Receivables/Payables, Advances and Transfers (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Water	$ 700,000	Operating expenses
General	1st Avenue TIF	623,306	Administrative expenses
General	Nonmajor Governmental Funds	43,687	Administrative expenses
Nonmajor Governmental Funds	General	61,321	Operating expenses
MAX	General	570,528	Operating expenses
MAX	1st Avenue TIF	200,000	Administrative expenses
Total - Fund Financial Statements		2,198,842	
Less: Government-wide eliminations		(2,120,485)	
Total Transfers - Government-Wide Statement of Activities		$ 78,357	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 24,976,000	$ -	$ 1,075,000	$ 23,901,000	$ 1,131,000
(Discounts)/Premiums	1,409,021	-	173,373	1,235,648	-
Sub-totals	26,385,021	-	1,248,373	25,136,648	1,131,000
Other Liabilities					
Vested compensated absences	420,289	206,042	174,395	451,936	156,025
Net pension liability - SLEP	41,540	3,077	12,493	32,124	-
Net pension liability - police	10,464,905	1,855,963	1,960,936	10,359,932	-
Net pension liability - firefighters'	745,606	161,554	145,546	761,614	-
Net OPEB obligation	4,372,503	601,368	283,936	4,689,935	-
Total Other Liabilities	16,044,843	2,828,004	2,577,306	16,295,541	156,025
Total Governmental Activities Long-Term Liabilities	$ 42,429,864	$ 2,828,004	$ 3,825,679	$ 41,432,189	$ 1,287,025
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 12,935,000	$ -	$ 450,000	$ 12,485,000	$ 500,000
(Discounts)/Premiums	(42,513)	-	(4,728)	(37,785)	-
Sub-totals	12,892,487	-	445,272	12,447,215	500,000
Other Liabilities					
Vested compensated absences	153,927	69,975	50,920	172,982	56,334
Net OPEB obligation	1,016,372	111,626	52,704	1,075,294	-
Total Other Liabilities	1,170,299	181,601	103,624	1,248,276	56,334
Total Business-type Activities Long-Term Liabilities	$ 14,062,786	$ 181,601	$ 548,896	$ 13,695,491	$ 556,334

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies. Payments for debt related to business-type activities are made from the respective proprietary fund. Estimated payments of compensated absences, net pension liabilities and other post employment benefit obligation are not included in the debt service requirement schedules. The compensated absences liability, net pension liability and other post employment benefit obligation attributable to governmental activities will be liquidated primarily by the General Fund.

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

F. Long-Term Obligations (cont.)

General Obligation Debt (cont.)

Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district. The payments are made from the 1st Avenue TIF and Joliet Road TIF Funds, respectively. Interest on the variable rate 2012 Series - 1st Avenue TIF bonds is calculated at the monthly LIBOR rate in U.S. dollars effective the first day of each month plus 3.5% and multiplied by the designated tax exempt percentage of 68%. The interest rate as of 12/31/2017 was 3.44%.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Series 2016A - current refunding of Series 2009 (partial) and Series 2013	12/08/2016	12/1/2025	1.55% - 3.45%	$ 8,830,000	$ 8,505,000
Series 2016B - current refunding of Series 2009 (partial); 1st Avenue TIF	12/29/2016	12/1/2028	3.75% - 3.90%	5,975,000	5,975,000
Series 2016C - current refunding of Series 2009 (partial) and Series 2012 (partial); 1st Avenue TIF	12/08/2016	12/1/2020	3.00%	1,000,000	1,000,000
2012 Series - 1st Avenue TIF	6/21/2012	12/1/2027	Variable	10,000,000	8,255,000
2014 Series - Joliet Rd. TIF	3/25/2014	12/31/2018	5.00%	760,000	166,000
Total Governmental Activities - General Obligation Debt					$ 23,901,000

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2008 Series	6/16/2008	12/1/2030	4.00% - 5.00%	$ 15,030,000	$ 12,485,000
Total Business-type Activities - General Obligation Debt					$ 12,485,000

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

F. Long-Term Obligations (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2018	$ 1,131,000	$ 1,025,072	$ 500,000	$ 632,595
2019	1,020,000	985,072	570,000	607,595
2020	2,070,000	951,546	630,000	579,095
2021	2,090,000	886,344	700,000	547,595
2022	2,465,000	793,466	760,000	512,295
2023-2027	13,050,000	2,357,446	5,100,000	1,907,725
2028-2030	2,075,000	103,750	4,225,000	447,710
Totals	$ 23,901,000	$ 7,102,696	$ 12,485,000	$ 5,234,610

NOTE III - OTHER INFORMATION

A. Employees' Retirement System

The village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. IMRF administers two separate plans, the Regular Plan and the Sheriff's Law Enforcement Personnel (SLEP) plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

NOTE III - OTHER INFORMATION (cont.)

*A. **EMPLOYEES' RETIREMENT SYSTEM*** (cont.)

Illinois Municipal Retirement Fund

Plan description. All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The vast majority of IMRF members participate in the Regular plan. The SLEP plan is for sheriffs, deputy sheriffs, and selected police chiefs. Both IMRF plans have a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of their final rate of earnings for the first 15 years of service credit, plus 2% for each year of service 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 ever year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan membership. At December 31, 2016, the measurement date, membership in the plan was as follows:

	Regular Plan	SLEP
Retirees and beneficiaries	11	1
Inactive, non-retired members	17	-
Active members	31	-
Total	59	1

Contributions. As set by statute, village employees participating in the Regular and SLEP plans are required to contribute 4.50% and 7.50%, respectively, of their annual covered salary. The statute requires the village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The village’s actuarially determined contribution rate for calendar year 2016 were 5.65% and 0.0%, respectively, of annual covered payroll for the Regular and SLEP plans. The village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liabilities/(assets) were measured as of December 31, 2016, and the total pension liabilities used to calculate the net pension liabilities/(assets) were determined by actuarial valuations as of that date.

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies. For purposes of measuring the net pension liabilities/(assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Regular and SLEP plans and additions to/deductions from Regular and SLEP plan fiduciary net positions have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The total net pension liabilities for the Regular and SLEP plans were determined by actuarial valuations performed as of December 31, 2016 using the following actuarial methods and assumptions:

	Regular Plan	SLEP
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value
Actuarial assumptions		
Investment Rate of Return	7.50%	7.50%
Inflation	3.50%	3.50%
Salary increases	3.75% to 14.50%, including inflation	3.75% to 14.50%, including inflation
Price inflation	2.75%	2.75%

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

NOTE III - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study 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 long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

		Projected Returns/Risks	
Asset Class	Target Allocation	One Year Arithmetic	Ten Year Geometric
Equities	38.00%	8.30%	6.85%
International equities	17.00%	8.45%	6.75%
Fixed income	27.00%	3.05%	3.00%
Real estate	8.00%	6.90%	5.75%
Alternatives	9.00%		
Private equity		12.45%	7.35%
Hedge funds		5.35%	5.25%
Commodities		4.25%	2.65%
Cash equivalents	1.00%	2.25%	2.25%

Discount rate. The discount rate used to measure the total pension liability was 7.50% for IMRF and SLEP. The discount rate calculated using the December 31, 2015 measurement date was 7.50% for IMRF and 6.90% for SLEP. 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 actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liabilities/(assets) to changes in the discount rate. The table below presents the pension liabilities for the Regular and SLEP plans of the village calculated using the discount rate of 7.50%, as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50% for both Regular and SLEP) or 1 percentage point higher (8.50% for both Regular and SLEP) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	$ 6,149,157	$ 5,284,017	$ 4,590,810
Plan fiduciary net pension	5,401,513	5,401,513	5,401,513
Net pension liability/(asset)	$ 747,644	$ (117,496)	$ (810,703)
SLEP:			
Total pension liability	$ 166,164	$ 152,284	$ 140,289
Plan fiduciary net pension	120,160	120,160	120,160
Net pension liability/(asset)	$ 46,004	$ 32,124	$ 20,129

Changes in net pension liability/(asset). The changes in net pension liability/(asset) for the Regular and SLEP plans for the calendar year ended December 31, 2016 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2015	$ 4,915,409	$ 5,143,866	$ (228,457)
Service cost	195,334	-	195,334
Interest on total pension liability	371,880	-	371,880
Differences between expected and actual experience of the total pension liability	(89,249)	-	(89,249)
Benefit payments, including refunds of employee contributions	(109,357)	(109,357)	-
Contributions - employer	-	104,998	(104,998)
Contributions - employee	-	83,627	(83,627)
Net investment income	-	360,278	(360,278)
Other (net transfer)	-	(181,899)	181,899
Balances at December 31, 2016	$ 5,284,017	$ 5,401,513	$ (117,496)
Plan fiduciary net position as a percentage of the total pension liability			102.22 %

NOTE III - OTHER INFORMATION (cont.)

A. *Employees' Retirement System* (cont.)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
SLEP:			
Balances at December 31, 2015	$ 160,319	$ 118,779	$ 41,540
Interest on total pension liability	10,631	-	10,631
Differences between expected and actual experience of the total pension liability	1,921	-	1,921
Change of assumptions	(8,094)	-	(8,094)
Benefit payments, including refunds of employee contributions	(12,493)	(12,493)	-
Contributions - employer	-	4,124	(4,124)
Net investment income	-	8,159	(8,159)
Other (net transfer)	-	1,591	(1,591)
Balances at December 31, 2016	$ 152,284	$ 120,160	$ 32,124
Plan fiduciary net position as a percentage of the total pension liability			78.91 %

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the village recognized pension expense of $274,431 and ($3,709), respectively, for the Regular and SLEP plans. The village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 288,768
Assumption changes	41,590	-
Net difference between projected and actual earnings on pension plan investments	265,451	-
Contributions subsequent to the measurement date	126,918	-
Total	$ 433,959	$ 288,768
SLEP:		
Net difference between projected and actual earnings on pension plan investments	$ 6,007	$ -
Total	$ 6,007	$ -

NOTE III - OTHER INFORMATION (cont.)

A. *Employees' Retirement System* (cont.)

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liabilities/(assets) for the year ending December 31, 2017. The remaining amounts reported as deferred outflows and inflows of resources related to pensions ($18,273 for Regular and $6,007 for SLEP) will be recognized in pension expense as follows:

Year Ending December 31,	Regular Plan	SLEP
2018	$ (9,114)	$ 2,078
2019	(9,113)	2,079
2020	53,483	1,751
2021	(12,944)	99
2022	(4,039)	-
Total	$ 18,273	$ 6,007

Police Pension

Plan description. Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The village accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at $106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or onehalf the annual unadjusted percentage increase in the CPI, whichever is less.

Plan membership. At December 31, 2017, the Police Pension membership consisted of:

Retirees and beneficiaries	12
Inactive, non-retired members	3
Active members	18
Total	33

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 plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The village's actuarially determined contribution rate for the fiscal year ending December 31, 2017 was 47.26% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.50%
Inflation	3.96%
Projected salary increases	2.75%
Cost-of-living adjustments	Tier 1 - 3.00% Tier 2 - 1.50%

Mortality rates were based on the RP-2014 CHBCA Mortality Table. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Long-term expected real rate of return. The Police Pension Plan allows funds to be invested in any type of security authorized by the Illinois Pension Code. The Police Pension Plan does not have a formal investment policy but ensures that its investment allocation follows these benchmarks:

Asset Class	Target
Fixed income	40% - 50%
Equities	40% - 50%
Cash and cash equivalents	5% - 15%

Illinois Compiled Statutes (ILCS) limit the Police Pension Plan's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The Police Pension Plan's investment policy does not include formalized long-term expected rate of returns by asset class. The Police Pension Plan uses the actuarial assumption of 6.50% for all asset classes, which is determined by the Police Pension Plan's actuary and is derived from historical investment returns (net of investment expense) over the previous 10 years.

Discount rate. The discount rate used to measure the total pension liability for the Police Pension Plan was 6.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE III - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the village calculated using the discount rate of 6.50% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	$ 23,865,048	$ 20,815,230	$ 18,343,779
Plan fiduciary net position	10,455,298	10,455,298	10,455,298
Net pension liability	$ 13,409,750	$ 10,359,932	$ 7,888,481

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2017 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2016	$ 19,768,698	$ 9,303,793	$ 10,464,905
Service cost	227,715	-	227,715
Interest on total pension liability	1,299,767	-	1,299,767
Differences between expected and actual experience of the total pension liability	291,063	-	291,063
Benefit payments, including refunds of employee contributions	(772,013)	(772,013)	-
Contributions - employer	-	800,000	(800,000)
Contributions - employee	-	168,273	(168,273)
Net investment income	-	992,663	(992,663)
Administration	-	(37,418)	37,418
Balances at December 31, 2017	$ 20,815,230	$ 10,455,298	$ 10,359,932

NOTE III - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the village recognized pension expense of $1,173,683. The village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 721,303	$ 926,560
Assumption changes	967,229	-
Net difference between projected and actual earnings on pension plan investments	260,422	305,862
Total	$ 1,948,954	$ 1,232,422

The amounts reported as deferred outflows and inflows of resources related to pensions ($716,532) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	$ 229,041
2019	229,041
2020	122,553
2021	93,181
2022	42,716
Total	$ 716,532

Firefighters' Pension

Plan description. Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The village accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes.

NOTE III - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at $106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Plan membership. At December 31, 2017, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	-
Inactive, non-retired members	-
Active members	1
Total	1

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2017, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. The village's actuarially determined contribution rate for the fiscal year ending December 31, 2017 was 88.00% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of significant accounting policies. The financial statements of the Firefighters' Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

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:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	2.00%
Inflation	4.34%
Projected salary increases	2.75%
Cost-of-living adjustments	Tier 1 - 3.00% Tier 2 - 1.50%

Mortality rates were based on the RP-2014 CHBCA Mortality Table. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Long-term expected real rate of return. The Firefighters' Pension Plan allows funds to be invested in any type of security authorized by the Illinois Pension Code. The Firefighters' Pension Plan does not have a formal investment policy or target allocation. The Firefighters' Pension Plan's investment policy does not include formalized long-term expected rate of returns by asset class. The firefighters' pension fund uses the actuarial assumption of 2.00% for all asset classes, which is determined by the pension plan's actuary and is derived from historical investment returns (net of investment expense) over the previous 10 years.

Illinois Compiled Statutes (ILCS) limit the Firefighters' Pension Plan's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund The Firefighters' Pension Plan's investment policy does not include formalized long-term expected rate of returns by asset class. The Firefighters' Pension Plan uses the actuarial assumption of 2.00% for all asset classes, which is determined by the Firefighters' Pension Plan's actuary and is derived from historical investment returns (net of investment expense) over the previous 10 years.

NOTE III - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

Discount rate. The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 2.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the village calculated using the discount rate of 2.00% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	$ 1,826,807	$ 1,607,066	$ 1,422,842
Plan fiduciary net position	845,452	845,452	845,452
Net pension liability	$ 981,355	$ 761,614	$ 577,390

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2017 was as follows*:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2016	$ 1,451,381	$ 705,775	$ 745,606
Service cost	80,383	-	80,383
Interest on total pension liability	30,635	-	30,635
Differences between expected and actual experience of the total pension liability	44,667	-	44,667
Contributions - employer	-	100,000	(100,000)
Contributions - employee	-	10,456	(10,456)
Net investment income	-	35,090	(35,090)
Administration	-	(5,869)	5,869
Balances at December 31, 2017	$ 1,607,066	$ 845,452	$ 761,614

NOTE III - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the village recognized pension expense of $40,442. The village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,762	$ -
Net difference between projected and actual earnings on pension plan investments	35,002	15,873
Total	$ 47,764	$ 15,873

The amounts reported as deferred outflows and inflows of resources related to pensions ($31,891) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	$ (61,329)
2019	21,187
2020	8,425
2021	6,249
2022	(6,423)
Total	$ (31,891)

B. *RISK MANAGEMENT*

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The village participates in a public entity risk pool called to provide coverage for losses from (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the village in the general fund.

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

ICRMT

The village participates in the Illinois Counties Risk Management Trust (ICRMT). ICRMT is an organization of municipalities and special districts in Illinois, which has formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/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.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

The village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

D. OTHER POSTEMPLOYMENT BENEFITS

The village administers a single-employer defined benefit healthcare plan   The plan provides for all eligible retirees and their families to receive medical, dental, and life insurance benefits paid by the village. Benefit provisions are established through and contractual agreements with employee groups.

Village employees who retire with 25 or more years of service and at age 55 years or older are eligible to receive the post-employment benefits. The village contributes 100 percent of the current year premiums for medical and dental coverage and a $10,000 life insurance benefit for eligible retired plan members and their families. Beginning July 1, 2008, police officers with at least 20 years of service and at age 50 years or older have the option to retire and receive 50% of their medical, dental, life insurance post-employment benefits paid for by the village. For fiscal year 2017, the village contributed $336,640 to the plan. Plan members receiving benefits are not required to make any contributions to the plan.

NOTE III - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the village's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the village's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 940,008
Interest on net OPEB obligation	213,032
Adjustment to annual required contribution	(440,046)
Annual OPEB cost	712,994
Contributions made	(336,640)
Increase in net OPEB obligation	376,354
Net OPEB Obligation - Beginning of Year	5,388,875
Net OPEB Obligation - End of Year	$ 5,765,229

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	$ 919,595	29.95	$ 4,885,715
December 31, 2016	839,795	40.09	5,388,875
December 31, 2017	712,994	47.21	5,765,229

NOTE III - OTHER INFORMATION (cont.)

D. Other Postemployment Benefits (cont.)

The funded status of the plan as of December 31, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$	11,484,076
Actuarial value of plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	11,484,076
Funded ratio (actuarial value of plan assets/AAL)		-%
Covered payroll (active plan members)	$	4,159,514
UAAL as a percentage of covered payroll		276.09%

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

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

In the December 31, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 6%. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2017, was 30 years.

NOTE III - OTHER INFORMATION (cont.)

E. Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The village is disclosing all abatement agreements individually.

The village through its tax incremental financing districts, First Avenue and Riverside, has entered into tax abatement agreements with a developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the Village Board ordinances for the reimbursement of property tax increment for various projects. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

Agreement Description	Calculation Method	Developer Commitment	2017 Payments
Redevelopment Agreement	Reimbursement of eligible costs not to exceed $500,000 and $0.40/sq. ft. of building area, but not to exceed 35% of the tax bill	Construction and operation of a redevelopment project at 8201 West 47th Street	$ 152,048
Redevelopment Agreement	Reimbursement of eligible costs not to exceed $4,000,000	Construction and operation of a redevelopment project at 8401 West 47th Street	640,164

Village property tax revenues are impacted by certain reduced assessments granted by the County of Cook in conjunction with the Village Board for the development or redevelopment of industrial properties. The properties receive a real estate tax incentive through a reduction in the assessment from the standard rate to a reduced value for a period of time. Under the village's property tax levy, tax revenues are not reduced in the whole. Those properties received a reduced bill due to the reduced assessment. In fiscal year 2017, the total estimated impact of these incentives is a reduction in property taxes for those properties in the amount of $647,997. However, when the properties reside in a tax incremental financing district, the village is only able to capture incremental property tax revenue based on the reduced assessment. In fiscal year 2017, this resulted in $7,677,579 of forgone incremental property tax revenue. This incremental property tax would have been revenue in the village's TIF funds.

NOTE III - OTHER INFORMATION (cont.)

F. Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split-Interest Agreements*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
TAXES				
Real estate	$ 3,890,105	$ 3,820,566	$ (69,539)	$ 3,550,279
Replacement	450,000	455,457	5,457	463,753
State income	22,000	24,693	2,693	22,685
Sales	1,300,000	1,673,965	373,965	1,477,481
Dumping	45,000	89,592	44,592	45,872
Tax stamp	50,000	449,220	399,220	736,580
Mineral sales/use	40,000	37,092	(2,908)	45,531
2% fire	7,500	5,627	(1,873)	7,911
Video Gaming tax	70,000	76,340	6,340	66,489
Environmental	40,000	40,000	-	40,000
Telecommunication	250,000	151,473	(98,527)	270,963
Host	12,500	16,570	4,070	14,375
Waste transfer	90,000	66,037	(23,963)	94,539
Total Taxes	6,267,105	6,906,632	639,527	6,836,458
INTERGOVERNMENTAL				
State forfeiture	-	2,496	2,496	11,671
Federal forfeiture	-	185,352	185,352	135,429
Federal grants	-	22,500	22,500	202,500
Total Intergovernmental	-	210,348	210,348	349,600
Licenses, permits and fees	800,000	492,683	(307,317)	470,929
Fines and police reports	200,000	221,773	21,773	204,439
Interest	20,000	65,614	45,614	18,260
Miscellaneous	20,000	361,175	341,175	1,074,098
Total Revenues	7,307,105	8,258,225	951,120	8,953,784
EXPENDITURES				
GENERAL GOVERNMENT				
General government	4,364,700	3,126,005	1,238,695	2,880,838
PUBLIC SAFETY				
License and enforcement	87,800	82,029	5,771	79,882
Police department	3,455,500	3,521,814	(66,314)	3,227,269
Fire department	1,089,500	899,992	189,508	865,725
Board of police and fire commissioners	15,600	9,198	6,402	8,930
Health department	13,700	10,607	3,093	10,630
Emergency disaster service agency	7,100	-	7,100	-
Environmental control	14,900	-	14,900	-
Total Public Safety	4,684,100	4,523,640	160,460	4,192,436

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
PUBLIC WORKS				
Buildings and grounds	$ 972,000	$ 271,733	$ 700,267	$ 266,984
Sanitation	8,500	6,703	1,797	379
Streets	438,000	6,431	431,569	22,622
Street lighting	80,000	39,293	40,707	33,970
Total Public Works	1,498,500	324,160	1,174,340	323,955
CAPITAL OUTLAY				
General government	14,200	158,398	(144,198)	104,419
License and enforcement	2,200	-	2,200	3,425
Police department	129,500	15,400	114,100	22,929
Fire department	22,500	1,581	20,919	148
Buildings and grounds	108,000	72,290	35,710	55,957
Streets	24,000	5,888	18,112	311,897
Street lighting	18,000	33,289	(15,289)	35,136
Total Capital Outlay	318,400	286,846	31,554	533,911
Total Expenditures	10,865,700	8,260,651	2,605,049	7,931,140
Excess (deficiency) of revenues over (under) expenditures	(3,558,595)	(2,426)	3,556,169	1,022,644
OTHER FINANCING SOURCES				
Transfers in	2,010,000	1,366,993	(643,007)	2,691,856
Transfers out	-	(631,849)	(631,849)	(490,850)
Total Other Financing Sources	2,010,000	735,144	(1,274,856)	2,201,006
Net Change in Fund Balance	$ (1,548,595)	732,718	$ 2,281,313	3,223,650
FUND BALANCE - Beginning of Year		5,073,923		1,850,273
FUND BALANCE - END OF YEAR		$ 5,806,641		$ 5,073,923

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - 1ST AVENUE TIF - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
Real estate	$ 3,750,000	$ 4,599,245	$ 849,245	$ 3,030,215
Interest earned	15,000	22,566	7,566	17,196
Total Revenues	3,765,000	4,621,811	856,811	3,047,411
EXPENDITURES				
Current				
Community development	1,680,000	8,156	1,671,844	522,353
Professional services	102,400	28,606	73,794	62,513
Capital Outlay	600,000	-	600,000	-
Contingency	50,000	-	50,000	-
Debt Service				
Principal retirement	590,000	590,000	-	13,275,000
Interest and other	930,966	906,026	24,940	1,374,277
Miscellaneous	-	-	-	2,804
Total Expenditures	3,953,366	1,532,788	2,420,578	15,236,947
Excess (deficiency) of revenues over (under) expenditures	(188,366)	3,089,023	3,277,389	(12,189,536)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,040,125)	(823,306)	216,819	(805,108)
General obligation bond proceeds	-	-	-	13,625,000
Premium on debt issued	-	-	-	1,306,102
Total Other Financing Sources (Uses)	(1,040,125)	(823,306)	216,819	14,125,994
Net Change in Fund Balance	$ (1,228,491)	2,265,717	$ 3,494,208	1,936,458
FUND BALANCE - Beginning of Year		3,932,300		1,995,842
FUND BALANCE - END OF YEAR		$ 6,198,017		$ 3,932,300

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF McCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY
AND RELATED RATIOS
Last Three Fiscal Years

	2015	2016	2017
Total pension liability			
Service cost	$ 243,379	$ 174,332	$ 195,334
Interest	346,789	343,140	371,880
Differences between expected and actual experience	(518,848)	(7,698)	(89,249)
Changes of assumptions	101,857	-	-
Benefit payments, including refunds of member contributions	(209,819)	(164,800)	(109,357)
Net change in total pension liability	(36,642)	344,974	368,608
Total pension liability - beginning	4,607,077	4,570,435	4,915,409
Total pension liability - ending (a)	$ 4,570,435	$ 4,915,409	$ 5,284,017
Plan fiduciary net position			
Employer contributions	$ 151,666	$ 131,521	$ 104,998
Employee contributions	91,981	75,298	83,627
Net investment income	313,384	27,105	360,278
Benefit payments, including refunds of member contributions	(209,819)	(164,800)	(109,357)
Other (net transfer)	(67,695)	(325,311)	(181,899)
Net change in plan fiduciary net position	279,517	(256,187)	257,647
Plan fiduciary net position - beginning	5,120,536	5,400,053	5,143,866
Plan fiduciary net position - ending (b)	$ 5,400,053	$ 5,143,866	$ 5,401,513
Employer's net pension liability (asset) - ending (a) - (b)	$ (829,618)	$ (228,457)	$ (117,496)
Plan fiduciary net position as a percentage of the total pension liability	118.15%	104.65%	102.22%
Covered-employee payroll	$ 1,575,567	$ 1,673,290	$ 1,858,374
Employer's net pension liability as a percentage of covered-employee payroll	-52.66%	-13.65%	-6.32%

Notes to Schedule:

The Village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF McCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Three Fiscal Years

	2015	2016	2017
Actuarially determined contribution	$ 116,907	$ 131,521	$ 104,998
Contributions in relation to the actuarially determined contribution	(151,666)	(131,521)	(104,998)
Contribution deficiency (excess)	$ (34,759)	$ -	$ -
Covered-employee payroll	$ 1,575,567	$ 1,673,290	$ 1,858,374
Contributions as a percentage of covered-employee payroll	9.63%	7.86%	5.65%

Notes to Schedule:

The Village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.75%
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 CHBCA

Other information:

There were no benefit changes during the year.

See independent auditors' report and accompanying notes to required supplementary information

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY
AND RELATED RATIOS
Three Most Recent Fiscal Years

	2015	2016	2017
Total pension liability			
Interest	$ 10,333	$ 10,619	$ 10,631
Differences between expected and actual experience	1,036	1,796	1,921
Changes of assumptions	10,462	(145)	(8,094)
Benefit payments, including refunds of member contributions	(11,484)	(12,159)	(12,493)
Net change in total pension liability	10,347	111	(8,035)
Total pension liability - beginning	149,861	160,208	160,319
Total pension liability - ending (a)	$ 160,208	$ 160,319	$ 152,284
Plan fiduciary net position			
Employer contributions	$ -	$ 3,916	$ 4,124
Employee contributions	-	-	-
Net investment income	6,984	564	8,159
Benefit payments, including refunds of member contributions	(11,484)	(12,159)	(12,493)
Other (net transfer)	1,129	9,589	1,591
Net change in plan fiduciary net position	(3,371)	1,910	1,381
Plan fiduciary net position - beginning	120,240	116,869	118,779
Plan fiduciary net position - ending (b)	$ 116,869	$ 118,779	$ 120,160
Employer's net pension liability - ending (a) - (b)	$ 43,339	$ 41,540	$ 32,124
Plan fiduciary net position as a percentage of the total pension liability	72.95%	74.09%	78.91%
Covered-employee payroll	$ -	$ -	$ -
Employer's net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

Notes to Schedule:

The Village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Three Most Recent Fiscal Years

	2015	2016	2017
Actuarially determined contribution	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	(3,916)	(4,124)
Contribution deficiency (excess)	$ -	$ (3,916)	$ (4,124)
Covered-employee payroll	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

Notes to Schedule:

The Village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.75%
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 CHBCA

Other information:

There were no benefit changes during the year.

VILLAGE OF MCCOOK

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS

Last Four Fiscal Years

	2014	2015	2016	2017
Total pension liability				
Service cost	$ 346,266	$ 991,098	$ 231,031	$ 227,715
Interest	991,098	1,229,387	1,208,828	1,299,767
Differences between expected and actual experience	1,133,515	(2,914,122)	719,863	291,063
Changes of assumptions	1,338,926	2,053,965	-	-
Benefit payments, including refunds of member contributions	(811,359)	(556,672)	(757,352)	(772,013)
Net change in total pension liability	2,998,446	803,656	1,402,370	1,046,532
Total pension liability - beginning	14,564,226	17,562,672	18,366,328	19,768,698
Total pension liability - ending (a)	$ 17,562,672	$ 18,366,328	$ 19,768,698	$ 20,815,230
Plan fiduciary net position				
Employer contributions	$ 635,000	$ 700,000	$ 800,000	$ 800,000
Employee contributions	143,227	153,687	149,310	168,273
Net investment income	360,163	67,094	473,223	992,663
Benefit payments, including refunds of member contributions	(807,295)	(710,359)	(757,352)	(772,013)
Administration	(29,364)	(22,356)	(26,168)	(37,418)
Net change in plan fiduciary net position	301,731	188,066	639,013	1,151,505
Plan fiduciary net position - beginning	8,174,983	8,476,714	8,664,780	9,303,793
Plan fiduciary net position - ending (b)	$ 8,476,714	$ 8,664,780	$ 9,303,793	$ 10,455,298
Village's net pension liability - ending (a) - (b)	$ 9,085,958	$ 9,701,548	$ 10,464,905	$ 10,359,932
Plan fiduciary net position as a percentage of the total pension liability	48.27%	47.18%	47.06%	50.23%
Covered-employee payroll	$ 1,404,521	$ 1,528,003	$ 1,528,003	$ 1,692,750
Village's net pension liability as a percentage of covered-employee payroll	646.91%	634.92%	684.87%	612.02%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2015, the mortality, disability, turnover and retirement assumptions were revised to reflect the most recent study conducted by the Illinois Department of Insurance.

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

VILLAGE OF MCCOOK

POLICE PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years

	2008	2009	2010	2011
Actuarially determined contribution	$ 220,523	$ 235,869	$ 443,733	$ 443,733
Contributions in relation to the actuarially determined contribution	-	250,000	-	260,000
Contribution deficiency (excess)	$ 220,523	$ (14,131)	$ 443,733	$ 183,733
Covered-employee payroll	$ 1,175,382	$ 1,175,382	$ 1,195,374	$ 1,195,374
Contributions as a percentage of covered-employee payroll	0.00%	21.27%	0.00%	21.75%

Notes to Schedule:
The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation	3.96%
Salary increases	2.75%
Investment rate of return	10.57%
Retirement age	50-70
Mortality	RP-2014 CHBCA

	2012	2013	2014	2015	2016	2017
	$ 443,733	$ 429,052	$ 571,229	$ 684,532	$ 844,890	$ 939,012
	340,000	420,000	635,000	635,000	800,000	800,000
	$ 103,733	$ 9,052	$ (63,771)	$ 49,532	$ 44,890	$ 139,012
	$ 1,286,601	$ 1,286,601	$ 1,404,521	$ 1,528,003	$ 1,506,593	$ 1,692,750
	26.43%	32.64%	45.21%	41.56%	52.36%	47.26%

See independent auditors' report and notes to required supplementary information

VILLAGE OF MCCOOK

FIREFIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS

Last Four Fiscal Years

	2014	2015	2016	2017
Total pension liability				
Service cost	$ 19,358	$ 19,358	$ 83,294	$ 80,383
Interest	51,242	51,242	103,404	30,635
Differences between expected and actual experience	55,973	(7,820)	-	44,667
Changes of assumptions	695,884	(119,598)	(242,851)	-
Benefit payments, including refunds of member contributions	-	9,866	-	-
Net change in total pension liability	822,457	(46,952)	(56,153)	155,685
Total pension liability - beginning	732,029	1,554,486	1,507,534	1,451,381
Total pension liability - ending (a)	$ 1,554,486	$ 1,507,534	$ 1,451,381	$ 1,607,066
Plan fiduciary net position				
Employer contributions	$ 80,000	$ 90,000	$ 90,000	$ 100,000
Employee contributions	9,578	9,866	10,157	10,456
Net investment income	651	555	(7,509)	35,090
Administration	(4,606)	(4,963)	(6,595)	(5,869)
Net change in plan fiduciary net position	85,623	95,458	86,053	139,677
Plan fiduciary net position - beginning	438,641	524,264	619,722	705,775
Plan fiduciary net position - ending (b)	$ 524,264	$ 619,722	$ 705,775	$ 845,452
Village's net pension liability - ending (a) - (b)	$ 1,030,222	$ 887,812	$ 745,606	$ 761,614
Plan fiduciary net position as a percentage of the total pension liability	33.73%	41.11%	48.63%	52.61%
Covered-employee payroll	$ 101,299	$ 104,500	$ 104,500	$ 113,630
Village's net pension liability as a percentage of covered-employee payroll	1017.01%	849.58%	713.50%	670.26%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2015, the mortality, disability, turnover and retirement assumptions were revised to reflect the most recent study conducted by the Illinois Department of Insurance.

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

VILLAGE OF MCCOOK

FIREFIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years

	2008	2009	2010	2011
Actuarially determined contribution	$ 35,586	$ 39,075	$ 42,313	$ 42,312
Contributions in relation to the actuarially determined contribution	-	85,000	-	20,000
Contribution deficiency (excess)	$ 35,586	$ (45,925)	$ 42,313	$ 22,312
Covered-employee payroll	$ 82,500	$ 82,500	$ 90,596	$ 90,596
Contributions as a percentage of covered-employee payroll	0.00%	103.03%	0.00%	22.08%

Notes to Schedule:
The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation	3.96%
Salary increases	2.75%
Investment rate of return	4.60%
Retirement age	50-70
Mortality	RP-2014 CHBCA

2012	2013	2014	2015	2016	2017
$ 42,312	$ 44,408	$ 45,213	$ 63,530	$ 108,940	$ 122,834
50,000	50,000	80,000	90,000	90,000	100,000
$ (7,688)	$ (5,592)	$ (34,787)	$ (26,470)	$ 18,940	$ 22,834
$ 90,049	$ 90,049	$ 101,299	$ 104,500	$ 104,350	$ 113,630
55.53%	55.53%	78.97%	86.12%	86.25%	88.00%

See independent auditors' report and notes to required supplementary information

VILLAGE OF MCCOOK

RETIREES' HEALTH PLAN
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
December 31, 2017

Fiscal Year End Date	Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
12/31/2017	$ 712,994	47.21%	$ 5,765,229
12/31/2016	839,795	40.09%	5,388,875
12/31/2015	919,595	29.95%	4,885,718

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2016	$ -	$11,484,076	$11,484,076	0.00%	$ N/A	294.53%
12/31/2013	-	10,483,987	10,483,987	0.00%	N/A	269.21%
12/31/2010	-	9,536,145	9,536,145	0.00%	N/A	255.91%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	12/31/2016
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	4.25%
Projected salary increases	3.00%
Inflation factor	3.00%

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and certain special revenue funds. Budget amounts are as originally adopted by the Board of Trustees. All annual appropriations lapse at fiscal year end.

Prior to December 31, the village clerk submits to the village board a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

The village is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the village board. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The village clerk is authorized to transfer budget amounts between departments within any fund; however, the village board must approve revisions that alter the total expenditures of any fund.

SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	IDECO Grant
ASSETS					
Cash	$ 32,948	$ 170,573	$ 168,234	$ 31,231	$ 2
Receivables (net)					
Real estate taxes	-	-	258,864	415,716	-
Due from other funds	-	-	-	416,996	-
TOTAL ASSETS	$ 32,948	$ 170,573	$ 427,098	$ 863,943	$ 2
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Due to other funds	$ -	$ -	$ -	$ 404,719	$ -
Total Liabilities	-	-	-	404,719	-
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	258,864	415,716	-
Total Deferred Inflows of Resources	-	-	258,864	415,716	-
Fund Balances					
Restricted for highways and streets	32,948	-	-	-	-
Restricted for community development	-	-	168,234	-	2
Restricted for public safety	-	170,573	-	-	-
Restricted for debt service	-	-	-	43,508	-
Total Fund Balances	32,948	170,573	168,234	43,508	2
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 32,948	$ 170,573	$ 427,098	$ 863,943	$ 2

Riverside TIF	Total Nonmajor Governmental Funds
$ 676,316	$ 1,079,304
1,035,189	1,709,769
-	416,996
$ 1,711,505	$ 3,206,069
$ -	$ 404,719
-	404,719
1,035,189	1,709,769
1,035,189	1,709,769
-	32,948
676,316	844,552
-	170,573
-	43,508
676,316	1,091,581
$ 1,711,505	$ 3,206,069

VILLAGE OF MCCOOK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	IDECO Grant
REVENUES					
Real estate taxes	$ -	$ -	$ 264,147	$ 416,996	$ -
Motor fuel tax	5,853	-	-	-	-
Fees collected	-	40,785	-	-	-
Interest	9	-	-	-	28
Total Revenues	5,862	40,785	264,147	416,996	28
EXPENDITURES					
Current					
Community development	-	-	750	-	-
Repairs and maintenance	-	-	-	-	80,185
Debt Service					
Interest and other	-	-	16,300	79,719	-
Principal retirement	-	-	160,000	325,000	-
Total Expenditures	-	-	177,050	404,719	80,185
Excess (deficiency) of revenues over expenditures	5,862	40,785	87,097	12,277	(80,157)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(19,487)	-	-
Transfers in	-	-	-	-	61,321
Total Other Financing Sources (Uses)	-	-	(19,487)	-	61,321
Net Change in Fund Balances	5,862	40,785	67,610	12,277	(18,836)
FUND BALANCES - Beginning of Year	27,086	129,788	100,624	31,231	18,838
FUND BALANCES - END OF YEAR	$ 32,948	$ 170,573	$ 168,234	$ 43,508	$ 2

Riverside TIF	Total Nonmajor Governmental Funds
$ 1,056,315	$ 1,737,458
-	5,853
-	40,785
339	376
1,056,654	1,784,472
792,712	793,462
-	80,185
-	96,019
-	485,000
792,712	1,454,666
263,942	329,806
(24,200)	(43,687)
-	61,321
(24,200)	17,634
239,742	347,440
436,574	744,141
$ 676,316	$ 1,091,581

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - MOTOR FUEL TAX - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
INTERGOVERNMENTAL				
Motor fuel tax allotments	$ 6,000	$ 5,853	$ (147)	$ 5,779
Interest	5	9	4	5
Miscellaneous	-	-	-	1,103
Total Revenues	6,005	5,862	(143)	6,887
EXPENDITURES				
CURRENT				
Road construction	50,000	-	50,000	-
Contingency	10,000	-	10,000	-
Total Expenditures	60,000	-	60,000	-
Net Change in Fund Balance	$ (53,995)	5,862	$ 59,857	6,887
FUND BALANCE - Beginning of Year		27,086		20,199
FUND BALANCE - END OF YEAR		$ 32,948		$ 27,086

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - 911 E.T.S. - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
Fees collected	$ 4,000	$ 40,785	$ 36,785	$ 43,807
Total Revenues	4,000	40,785	36,785	43,807
EXPENDITURES				
CURRENT				
Maintenance and service	4,000	-	4,000	106
Total Expenditures	4,000	-	4,000	106
Net Change in Fund Balance	$ -	40,785	$ 40,785	43,701
FUND BALANCE - Beginning of Year		129,788		86,087
FUND BALANCE - END OF YEAR		$ 170,573		$ 129,788

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - JOLIET ROAD TIF - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
Real estate	$ 250,000	$ 264,147	$ 14,147	$ 249,602
Total Revenues	250,000	264,147	14,147	249,602
EXPENDITURES				
CURRENT				
Community development	40,000	-	40,000	-
Professional services	20,300	750	19,550	5,637
Debt Service				
Principal retirement	160,000	160,000	-	152,000
Interest and other	16,300	16,300	-	23,900
Total Expenditures	236,600	177,050	59,550	181,537
Excess (deficiency) of revenues over (under) expenditures	13,400	87,097	73,697	68,065
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(19,487)	(19,487)	(17,716)
Total Other Financing Sources (Uses)	-	(19,487)	(19,487)	(17,716)
Net Change in Fund Balance	$ 13,400	67,610	$ 54,210	50,349
FUND BALANCE - Beginning of Year		100,624		50,275
FUND BALANCE - END OF YEAR		$ 168,234		$ 100,624

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
Real estate	$ 405,020	$ 416,996	$ 11,976	$ 450,173
Total Revenues	405,020	416,996	11,976	450,173
EXPENDITURES				
Debt Service				
Principal retirement	325,000	325,000	-	2,505,000
Interest and other	79,720	79,719	1	123,659
Bank fees	300	-	300	-
Total Expenditures	405,020	404,719	301	2,628,659
Excess (deficiency) of revenues over (under) expenditures	-	12,277	12,277	(2,178,486)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(787,261)
General obligation bonds issued	-	-	-	2,180,000
Premium on general obligation bonds issued	-	-	-	102,920
Total Other Financing Sources (Uses)	-	-	-	1,495,659
Net Change in Fund Balance	$ -	12,277	$ 12,277	(682,827)
FUND BALANCE - Beginning of Year		31,231		714,058
FUND BALANCE - END OF YEAR		$ 43,508		$ 31,231

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - IDECO GRANT - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
State grants	$ 88,000	$ -	$ (88,000)	$ -
Interest earned	-	28	28	28
Total Revenues	88,000	28	(87,972)	28
EXPENDITURES				
CURRENT				
Repairs and maintenance	88,000	80,185	7,815	-
Total Expenditures	88,000	80,185	7,815	-
Excess (deficiency) of revenues over (under) expenditures	-	(80,157)	(80,157)	28
OTHER FINANCING SOURCES (USES)				
Transfers in	-	61,321	61,321	-
Total Other Financing Sources (Uses)	-	61,321	61,321	-
Net Change in Fund Balance	$ -	(18,836)	$ (18,836)	28
FUND BALANCE - Beginning of Year		18,838		18,810
FUND BALANCE - END OF YEAR		$ 2		$ 18,838

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - RIVERSIDE TIF - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			
	Original and Final Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES				
Real estate	$ 2,140,000	$ 1,056,315	$ (1,083,685)	$ 959,053
Interest earned	200	339	139	314
Total Revenues	2,140,200	1,056,654	(1,083,546)	959,367
EXPENDITURES				
CURRENT				
Community development	2,125,000	792,212	1,332,788	1,469,423
Professional services	15,200	500	14,700	5,360
Total Expenditures	2,140,200	792,712	1,347,488	1,474,783
Excess (deficiency) of revenues over (under) expenditures	-	263,942	263,942	(515,416)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(24,200)	(24,200)	(22,000)
Total Other Financing Sources (Uses)	-	(24,200)	(24,200)	(22,000)
Net Change in Fund Balance	$ -	239,742	$ 239,742	(537,416)
FUND BALANCE - Beginning of Year		436,574		973,990
FUND BALANCE - END OF YEAR		$ 676,316		$ 436,574

VILLAGE OF MCCOOK

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
As of December 31, 2017

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	$ 480,815	$ 264,205	$ 745,020
Investments - certificates of deposits with banks	-	197,833	197,833
Investments - other, at fair value	9,967,880	381,036	10,348,916
Interest receivable	6,603	2,378	8,981
Total Assets	10,455,298	845,452	11,300,750
NET POSITION			
Net position restricted for pensions	$ 10,455,298	$ 845,452	$ 11,300,750

VILLAGE OF MCCOOK

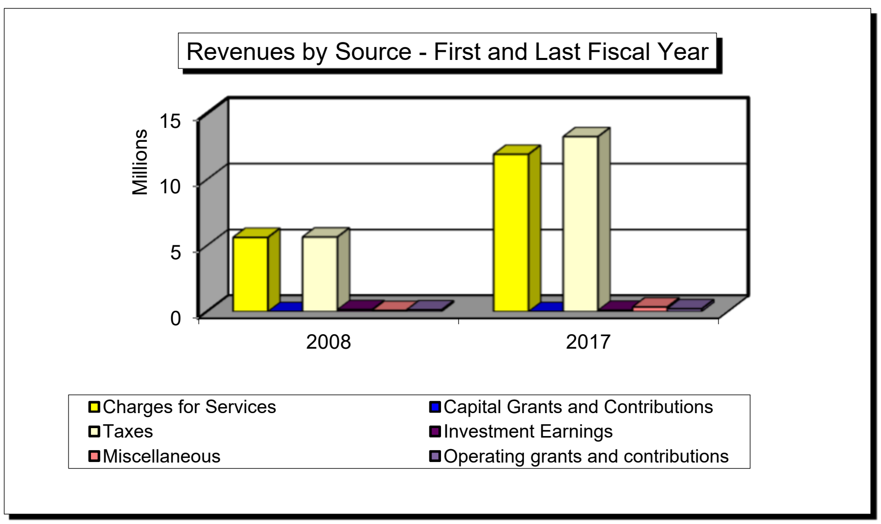
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Year Ended December 31, 2017

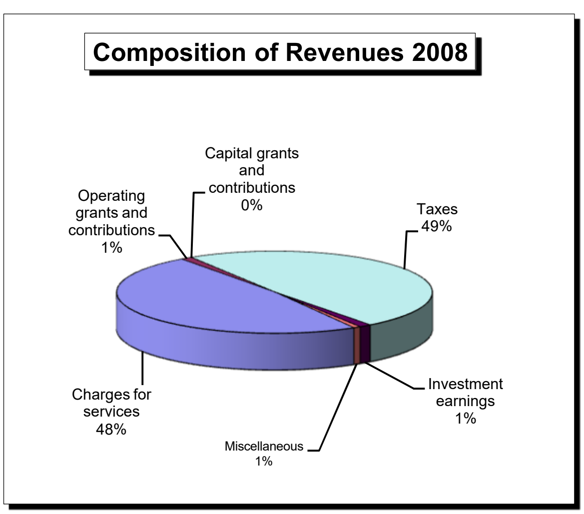
	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions:			
Employee contributions	$ 168,273	$ 10,456	$ 178,729
Employer contributions	800,000	100,000	900,000
Total Contributions:	968,273	110,456	1,078,729
Investment income			
Bank deposits	967	567	1,534
Government securities	32,783	15,348	48,131
Insurance contracts	26,364	-	26,364
Net appreciation in fair value of investments	638,288	20,662	658,950
Mutual Funds	339,738	3,427	343,165
Total Investment Income	1,038,140	40,004	1,078,144
Less Investment management fees	(45,477)	(4,914)	(50,391)
Net Investment Income	992,663	35,090	1,027,753
Total Additions	1,960,936	145,546	2,106,482
DEDUCTIONS			
Payments to participants	622,426	-	622,426
Payments to beneficiaries	149,587	-	149,587
Administrative	37,418	5,869	43,287
Total Deductions	809,431	5,869	815,300
Change in Net Position	1,151,505	139,677	1,291,182
NET POSITION - Beginning of Year	9,303,793	705,775	10,009,568
NET POSITION, END OF YEAR	$ 10,455,298	$ 845,452	$ 11,300,750

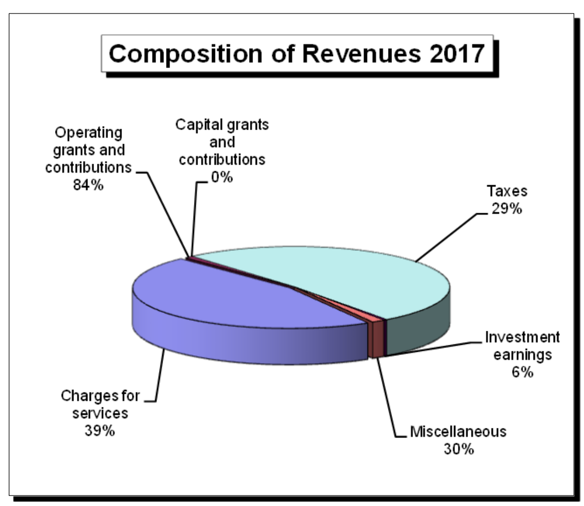
VILLAGE OF McCOOK

GOVERNMENT-WIDE REVENUES BY TYPE
LAST TEN FISCAL YEARS

	2008	2009	2010	2011
Program Revenues				
Charges for services	$ 5,604,956	$ 7,943,571	$ 8,098,786	$ 8,093,785
Operating grants and contributions	135,107	447,435	486,735	120,219
Capital grants and contributions	-	275,000	-	-
Total Program Revenues	5,740,063	8,666,006	8,585,521	8,214,004
General Revenues				
Taxes	5,635,766	5,321,541	4,755,507	6,300,782
Investment earnings	144,309	73,331	55,246	26,027
Miscellaneous	85,441	132,669	41,458	2,095,339
Total General Revenues	5,865,516	5,527,541	4,852,211	8,422,148
Total Revenues	$ 11,605,579	$ 14,193,547	$ 13,437,732	$ 16,636,152







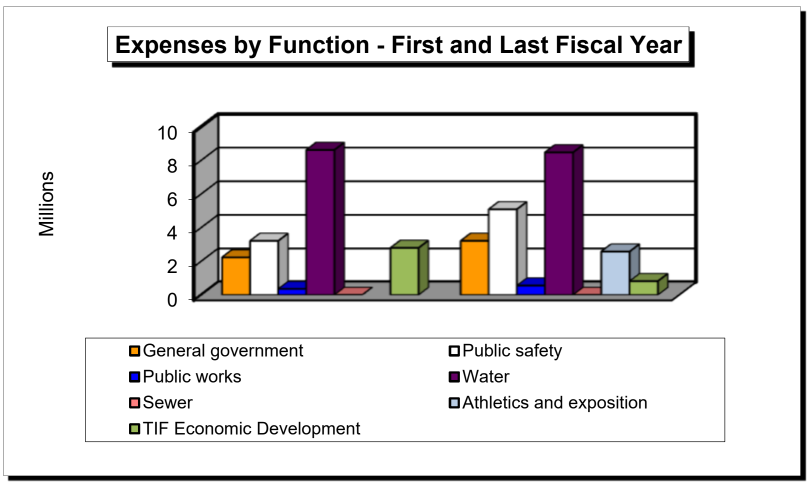
SOURCE OF INFORMATION: 2008-2017 financial statements

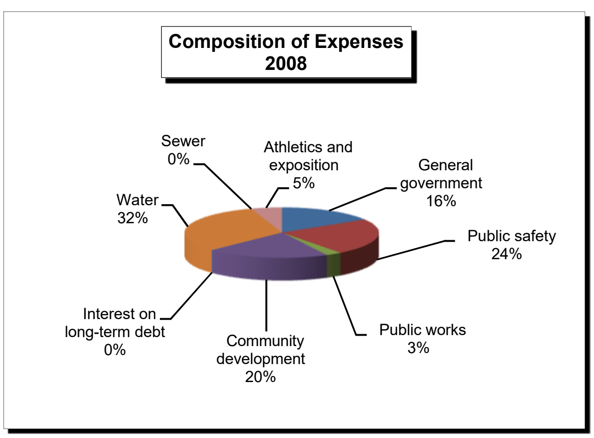
2012	2013	2014	2015	2016	2017
$ 9,277,655	$ 10,059,401	$ 11,097,805	$ 11,879,222	$ 12,026,243	$ 11,902,086
195,416	329,951	415,609	310,906	355,379	216,201
-	-	-	-	-	-
9,473,071	10,389,352	11,513,414	12,190,128	12,381,622	12,118,287
6,765,340	7,364,283	8,538,332	11,008,376	11,561,323	13,237,161
14,485	21,656	14,201	15,167	36,411	94,952
112,629	494,985	193,114	313,659	1,064,208	346,819
6,892,454	7,880,924	8,745,647	11,337,202	12,661,942	13,678,932
$ 16,365,525	$ 18,270,276	$ 20,259,061	$ 23,527,330	$ 25,043,564	$ 25,797,219

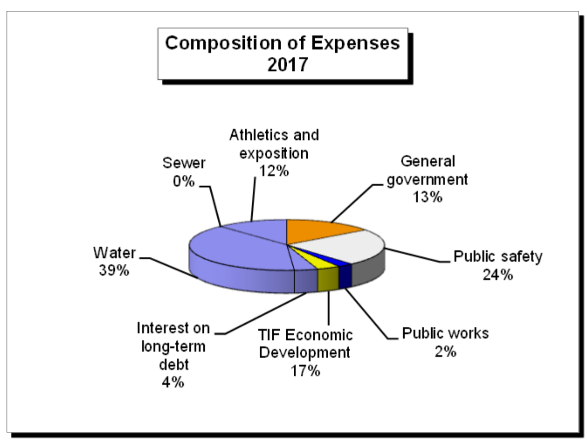
VILLAGE OF McCOOK

GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS

	2008	2009	2010	2011
Governmental Activities				
General government	$ 2,235,288	$ 2,284,217	$ 2,421,967	$ 2,595,413
Public safety	3,214,379	4,081,522	4,033,074	4,228,278
Public works	359,003	450,822	469,963	459,993
Community development	2,798,857	17,845,573	295,321	1,746,348
Interest on long-term debt	13,622	202,053	537,832	707,463
Total Governmental Activities	8,621,149	24,864,187	7,758,157	9,737,495
Business-type Activities				
Water	4,400,423	4,869,143	5,215,955	5,075,570
Sewer	2,000	2,000	2,000	4,950
Athletics and exposition	700,355	2,402,320	2,448,233	2,345,810
Total Business-type Activities	5,102,778	7,273,463	7,666,188	7,426,330
Total Expenses	$ 13,723,927	$ 32,137,650	$ 15,424,345	$ 17,163,825







SOURCE OF INFORMATION: 2008-2017 Financial Statements

2012	2013	2014	2015	2016	2017
$ 2,736,055	$ 3,070,744	$ 2,926,594	$ 2,782,855	$ 2,941,363	$ 3,217,365
4,475,399	4,662,071	4,586,882	5,268,905	4,882,341	5,093,401
437,550	506,983	819,142	709,709	498,191	556,285
92,386	538,221	114,974	29,544	1,545,961	822,395
817,122	834,768	843,921	813,330	1,578,404	833,170
8,558,512	9,612,787	9,291,513	9,604,343	11,446,260	10,522,616
6,202,280	6,614,338	7,211,329	8,400,241	8,710,633	8,475,983
2,050	2,498	2,200	-	-	-
2,422,642	2,317,070	2,247,677	2,292,074	2,494,995	2,580,521
8,626,972	8,933,906	9,461,206	10,692,315	11,205,628	11,056,504
$ 17,185,484	$ 18,546,693	$ 18,752,719	$ 20,296,658	$ 22,651,888	$ 21,579,120

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS REVENUES BY SOURCE *
LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Local Sources				
Taxes	$ 13,243,335	$ 11,525,501	$ 11,039,693	$ 8,354,216
Intergovernmental	216,201	355,379	310,906	415,609
Licenses, permits, and fees	533,468	514,736	522,449	850,104
Fines and police reports	221,773	204,439	163,063	233,332
Interest earned	88,556	35,803	14,734	13,314
Miscellaneous	361,175	1,075,201	261,782	188,280
Total Local Sources	$ 14,664,508	$ 13,711,059	$ 12,312,627	$ 10,054,855

* - Includes revenues for all Governmental Fund Types.

SOURCE OF INFORMATION: 2008-2017 Annual Financial Statements.

2013	2012	2011	2010	2009	2008
$ 7,364,283	$ 6,765,340	$ 6,300,782	$ 4,755,507	$ 5,321,541	$ 5,635,766
329,951	195,416	120,219	486,735	447,435	135,107
747,414	563,553	426,964	408,983	1,028,139	354,783
196,084	120,936	134,143	169,237	206,796	199,194
20,478	12,349	25,457	50,045	59,472	53,482
488,541	108,210	574,001	35,648	123,100	85,441
$ 9,146,751	$ 7,765,804	$ 7,581,566	$ 5,906,155	$ 7,186,483	$ 6,463,773

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION*
LAST TEN FISCAL YEARS

	2017	2016	2015	2014
General government	$ 3,412,851	$ 3,417,553	$ 3,007,771	$ 3,070,914
Public safety	4,523,640	4,192,542	4,230,039	4,301,662
Public works	404,345	323,955	560,496	669,016
Community development	830,224	2,065,286	29,544	124,540
Debt service	2,077,045	17,453,836	2,182,330	3,216,725
Total	$ 11,248,105	$ 27,453,172	$ 10,010,180	$ 11,382,857

* - Includes expenditures for all Governmental Fund Types.

SOURCE OF INFORMATION: 2008-2017 Annual Financial Statements.

2013	2012	2011	2010	2009	2008
$ 3,188,696	$ 2,680,034	$ 2,513,789	$ 2,288,577	$ 2,050,426	$ 2,076,558
4,159,840	3,907,855	3,431,815	3,060,919	3,354,146	3,013,519
714,672	368,058	338,908	354,740	362,143	396,883
1,991,335	7,339,585	1,746,348	295,321	18,270,823	2,798,857
3,627,284	960,791	1,601,919	1,890,553	231,159	459,720
$ 13,681,827	$ 15,256,323	$ 9,632,779	$ 7,890,110	$ 24,268,697	$ 8,745,537

VILLAGE OF McCOOK

PROPERTY TAX RATES, LEVIES AND COLLECTIONS
LAST TEN TAX LEVY YEARS

	2016	2015	2014	2013	2012
Rates Extended*					
Corporate	4.3431	4.3899	2.8827	2.7370	2.4892
Bond & Interest	0.4690	0.4760	0.9373	0.8217	0.3249
Police Pension	0.0000	0.0000	0.0000	0.0000	0.0000
IMRF	0.0000	0.0000	0.0000	0.0000	0.0000
Fire Pension	0.0000	0.0000	0.0000	0.0000	0.0000
Total Rates Extended	4.8121	4.8659	3.8200	3.5587	2.8141
Levies Extended					
Total Levies Extended	$ 4,360,721	$ 4,361,788	$ 3,472,844	$ 3,248,357	$ 2,728,660
Total Collections^	$ 4,213,438	$ 4,279,527	$ 3,519,899	$ 3,137,689	$ 2,612,682
Percentage of Extensions Collected	96.62%	98.11%	101.35%	96.59%	95.75%

* Tax Rates are expressed in dollars per $100 of Assessed Valuation.

^ Net of prior year refunds.

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 2007 to 2016.

2011	2010	2009	2008	2007
2.4363	1.9782	1.7132	1.4182	1.2777
0.0000	0.0000	0.0000	0.0000	0.1855
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
2.4363	1.9782	1.7132	1.4182	1.4632
$ 2,458,736	$ 2,342,417	$ 2,233,000	$ 2,159,150	$ 2,129,000
$ 2,364,169	$ 2,322,374	$ 2,217,164	$ 2,093,498	$ 2,017,989
96.15%	99.14%	99.29%	96.96%	94.79%

VILLAGE OF McCOOK

EQUALIZED ASSESSED VALUATION AND ESTIMATED
ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX LEVY YEARS

Tax Levy Year	Equalized Assessed Valuation	Amount of Increase (Decrease) Over Previous Year	Percentage Increase (Decrease) Over Previous Year	Actual Estimated Value*
2016	$ 90,602,972	$ 964,907	1.08%	$ 271,808,916
2015	89,638,065	(1,273,662)	-1.40%	268,914,195
2014	90,911,727	(366,552)	-0.40%	272,735,181
2013	91,278,279	(5,688,199)	-5.87%	273,834,837
2012	96,966,478	(3,889,803)	-3.86%	290,899,434
2011	100,856,281	(17,555,165)	-14.83%	302,568,843
2010	118,411,446	(11,927,297)	-9.15%	355,234,338
2009	130,338,743	(21,912,282)	-14.39%	391,016,229
2008	152,251,025	6,747,531	4.64%	456,753,075
2007	145,503,494	8,336,491	6.08%	436,510,482

* Actual estimated value is 300% of equalized assessed valuation.

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports
for 2007 to 2016.

VILLAGE OF McCOOK

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUATION AND NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Tax Levy Year	Gross General Bonded Debt	Reserved for Retirement of Funded Debt	Debt Payable From Enterprise Revenues	Net General Bonded Debt
2017	2016	$ 12,485,000	$ -	$ 12,485,000	$ -
2016	2015	12,935,000	-	12,935,000	-
2015	2014	13,335,000	-	13,335,000	-
2014	2013	13,685,000	-	13,685,000	-
2013	2012	14,000,000	-	14,000,000	-
2012	2011	14,275,000	-	14,275,000	-
2011	2010	14,510,000	-	14,510,000	-
2010	2009	14,710,000	-	14,710,000	-
2009	2008	14,880,000	-	14,880,000	-
2008	2007	15,030,000	-	15,030,000	-

NOTES: Population estimates are based on information received from the bureau of the census and local city and village governmental data.

Excludes TIF debt.

SOURCE OF INFORMATION: 2008-2017 Annual Financial Statements.

Equalized Assessed Valuation	Percentage of Net General Bonded Debt to Assessed Valuation	Estimated Population	Net General Bonded Debt Per Capita
$ 90,602,972	0.00	228	-
89,638,065	0.00	228	-
90,911,727	0.00	228	-
91,278,279	0.00	228	-
96,966,478	0.00	228	-
100,856,281	0.00	223	-
118,411,446	0.00	228	-
130,338,743	0.00	236	-
152,251,025	0.00	249	-
145,503,494	0.00	249	-

VILLAGE OF McCOOK

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

Year Ended December 31	Total General Expenditures (1)	Total Debt Service	Percentage of Annual Debt Service Fund Expenditures To Total General Expenditures
2017	$ 11,248,105	$ 2,077,045	18.47%
2016	27,453,172	17,453,836	63.58%
2015	10,010,180	2,191,302	21.89%
2014	11,382,857	3,216,725	28.26%
2013	13,681,827	3,627,284	26.51%
2012	15,256,323	960,791	6.30%
2011	9,632,779	1,601,919	16.63%
2010	7,890,110	1,890,553	23.96%
2009	24,268,697	231,159	0.95%
2008	8,745,537	459,720	5.26%

NOTES: (1) Includes expenditures of all Governmental Funds.

SOURCE OF INFORMATION: 2008-2017 Annual Financial Statements.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED JUNE 16, 2008
DECEMBER 31, 2017

GENERAL OBLIGATION BONDS - BUSINESS-TYPE PORTION

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2009	$ 150,000	$ 150,000	$ -	$ -	$ -
2010	170,000	170,000	-	-	-
2011	200,000	200,000	-	-	-
2012	235,000	235,000	-	-	-
2013	275,000	275,000	-	-	-
2014	315,000	315,000	-	-	-
2015	350,000	350,000	-	-	-
2016	400,000	400,000	-	-	-
2017	450,000	450,000	-	-	-
2018	500,000	-	500,000	632,595	1,132,595
2019	570,000	-	570,000	607,595	1,177,595
2020	630,000	-	630,000	579,095	1,209,095
2021	700,000	-	700,000	547,595	1,247,595
2022	760,000	-	760,000	512,595	1,272,595
2023	845,000	-	845,000	474,595	1,319,595
2024	930,000	-	930,000	432,345	1,362,345
2025	1,015,000	-	1,015,000	385,845	1,400,845
2026	1,105,000	-	1,105,000	335,095	1,440,095
2027	1,205,000	-	1,205,000	279,845	1,484,845
2028	1,310,000	-	1,310,000	218,390	1,528,390
2029	1,420,000	-	1,420,000	151,580	1,571,580
2030	1,495,000	-	1,495,000	77,740	1,572,740
Total	$ 15,030,000	$ 2,545,000	$ 12,485,000	$ 5,234,910	$ 17,719,910

Paying agent:	Village through Depository Trust Company
Principal payment date:	December 1
Interest payment dates:	December 1 and June 1
Interest rates:	4.00-5.00%
Original amount of issue:	$ 15,030,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED JUNE 30, 2012
DECEMBER 31, 2017

TAX INCREMENT FINANCING BONDS - 1ST AVENUE TIF 2012 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2012	$ -	$ -	$ -	$ -	$ -
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	100,000	100,000	-	-	-
2016	1,055,000	1,055,000	-	-	564,330
2017	590,000	590,000	-	275,061	275,061
2018	625,000	-	625,000	283,972	908,972
2019	665,000	-	665,000	262,472	927,472
2020	705,000	-	705,000	239,596	944,596
2021	745,000	-	745,000	215,344	960,344
2022	790,000	-	790,000	189,716	979,716
2023	840,000	-	840,000	162,540	1,002,540
2024	890,000	-	890,000	133,644	1,023,644
2025	940,000	-	940,000	103,028	1,043,028
2026	1,000,000	-	1,000,000	70,692	1,070,692
2027	1,055,000	-	1,055,000	36,292	1,091,292
Total	$ 10,000,000	$ 590,000	$ 8,255,000	$ 1,972,357	$ 10,227,357

Paying agent:	Village with direct pay to BMO Harris
Principal payment date:	December 1
Interest payment dates:	15th of every Month
Interest rates:	Variable
Original amount of issue:	$ 10,000,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED MARCH 25, 2014
DECEMBER 31, 2017

TAX INCREMENT FINANCING BONDS - JOLIET ROAD TIF 2014 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2014	$ 138,000	$ 138,000	$ -	$ -	$ -
2015	144,000	144,000	-	-	-
2016	152,000	152,000	-	-	-
2017	160,000	160,000	-	-	-
2018	166,000	-	166,000	8,300	174,300
Total	$ 760,000	$ 160,000	$ 166,000	$ 8,300	$ 174,300

Paying agent: Village with direct pay to Devon Bank

Principal payment date: December 1

Interest payment dates: December 1

Interest rates: 5.00%

Original amount of issue: $ 760,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED DECEMBER 8, 2016
DECEMBER 31, 2017

GENERAL OBLIGATION BONDS, SERIES 2016A

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2017	$ 325,000	$ 325,000	$ -	$ -	$ -
2018	340,000	-	340,000	404,050	744,050
2019	355,000	-	355,000	393,850	748,850
2020	365,000	-	365,000	383,200	748,200
2021	1,345,000	-	1,345,000	372,250	1,717,250
2022	1,675,000	-	1,675,000	305,000	1,980,000
2023	1,375,000	-	1,375,000	221,250	1,596,250
2024	1,475,000	-	1,475,000	152,500	1,627,500
2025	1,575,000	-	1,575,000	78,750	1,653,750
Total	$ 8,830,000	$ 325,000	$ 8,505,000	$ 2,310,850	$ 10,815,850

Paying agent:	Village through Depository Trust Company
Principal payment date:	December 1
Interest payment dates:	June 1 and December 1
Interest rates:	3.00% - 5.00%
Original amount of issue:	$ 8,830,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED DECEMBER 29, 2016
DECEMBER 31, 2017

GENERAL OBLIGATION BONDS, SERIES 2016B
PORTION REFUNDING FIRST AVENUE TIF DEBT (SERIES 2009 AND 2012)

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2017	$ -	$ -	$ -	$ -	$ -
2018	-	-	-	298,750	298,750
2019	-	-	-	298,750	298,750
2020	-	-	-	298,750	298,750
2021	-	-	-	298,750	298,750
2022	-	-	-	298,750	298,750
2023	-	-	-	298,750	298,750
2024	-	-	-	298,750	298,750
2025	-	-	-	298,750	298,750
2026	1,900,000	-	1,900,000	298,750	2,198,750
2027	2,000,000	-	2,000,000	203,750	2,203,750
2028	2,075,000	-	2,075,000	103,750	2,178,750
Total	$ 5,975,000	$ -	$ 5,975,000	$ 2,996,250	$ 8,971,250

Paying agent: Village through Depository Trust Company

Principal payment date: December 1

Interest payment dates: June 1 and December 1

Interest rates: 5.00%

Original amount of issue: $ 5,975,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED DECEMBER 8, 2016
DECEMBER 31, 2017

GENERAL OBLIGATION TAXABLE BONDS, SERIES 2016C

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2017	$ -	$ -	$ -	$ -	$ -
2018	-	-	-	30,000	30,000
2019	-	-	-	30,000	30,000
2020	1,000,000	-	1,000,000	30,000	1,030,000
Total	$ 1,000,000	$ -	$ 1,000,000	$ 90,000	$ 1,090,000

Paying agent:	Village through Depository Trust Company
Principal payment date:	December 1
Interest payment dates:	June 1 and December 1
Interest rates:	3.00%
Original amount of issue:	$ 1,000,000

INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the Mayor and Board of Trustees
Village of McCook, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of McCook, as of and for the year ended December 31, 2017, and have issued our report thereon dated June 22, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the Village failed to comply with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", insofar as it relates to accounting matters for the 1st Avenue Tax Increment Financing District; however, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Village's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

This report is intended solely for the information and use of the Board of Trustees, management, the State of Illinois, and others within the Village and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
June 22, 2018

BAKER TILLY

INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the Mayor and Board of Trustees
Village of McCook, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of McCook, as of and for the year ended December 31, 2017, and have issued our report thereon dated June 22, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the Village failed to comply with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", insofar as it relates to accounting matters for Joliet Road Tax Increment Financing District; however, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Village's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

This report is intended solely for the information and use of the Board of Trustees, management, the State of Illinois, and others within the Village and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
June 22, 2018

INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the Mayor and Board of Trustees
Village of McCook, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of McCook, as of and for the year ended December 31, 2017, and have issued our report thereon dated June 22, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the Village failed to comply with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", insofar as it relates to accounting matters Riverside Avenue Tax Increment Financing District; however, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Village's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

This report is intended solely for the information and use of the Board of Trustees, management, the State of Illinois, and others within the Village and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
June 22, 2018