

VILLAGE OF MCCOOK

McCook, Illinois

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2016

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, 2016, 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

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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, 2016 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, 2016 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, 2016, 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, 2016.

To the Mayor and Board of Trustees
Village of McCook

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, 2015 (not presented herein), and have issued our report thereon dated July 18, 2016, 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, 2015 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 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 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, 2015.

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
July 31, 2017

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

(Unaudited)

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, 2016. 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 \$(12,231,790). Of this amount, the village has a deficit of \$(34,776,290) in unrestricted net position.
- > In total, net position increased by \$2,391,676. This represents a (16)% increase from 2015 and is related to increased property taxes and proceeds received from the issuance of debt.
- > At the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$9,750,364, an increase of \$4,040,830 in comparison with the prior year.
- > General revenues accounted for \$12,661,334 in revenue or 92% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$1,066,293 or 8% of total governmental revenues of \$13,727,627.
- > The village had \$11,446,260 in expenses related to government activities. However, only \$1,066,293 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.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

(Unaudited)

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.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

(Unaudited)

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.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 (Unaudited)

Government-Wide Financial Analysis

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

	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Assets/Deferred Outflows			
Current and other assets/deferred outflows	\$ 22,424,242	\$ 19,154,503	17.1%
Capital assets	<u>2,140,130</u>	<u>2,027,964</u>	5.5%
Total assets/deferred outflows	<u>24,564,372</u>	<u>21,182,467</u>	16.0%
Liabilities/Deferred Inflows			
Long-term liabilities	42,429,864	40,060,382	5.9%
Other liabilities/deferred inflows	<u>11,160,716</u>	<u>12,476,452</u>	(10.5)%
Total liabilities/deferred inflows	<u>53,590,580</u>	<u>52,536,834</u>	2.0%
Net position			
Net investment in capital assets	2,140,130	2,027,964	5.5%
Restricted	4,789,600	3,920,231	22.2%
Unrestricted	<u>(35,955,938)</u>	<u>(37,302,562)</u>	(3.6)%
Total net position	<u>\$ (29,026,208)</u>	<u>\$ (31,354,367)</u>	(7.4)%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 (Unaudited)

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

	<u>Business-Type Activities</u>				<u>Total</u>	
	2016	2015	Change	2016	2015	Change
Assets/Deferred Outflows						
Current and other assets	\$ 5,680,318	\$ 5,483,231	3.6%	\$ 28,104,560	\$ 24,637,734	14.1%
Capital assets	<u>26,131,356</u>	<u>26,496,444</u>	(1.4)%	<u>28,271,486</u>	<u>28,524,408</u>	-0.9%
Total assets/deferred outflows	<u>31,811,674</u>	<u>31,979,675</u>	(0.5)%	<u>56,376,046</u>	<u>53,162,142</u>	6.0%
Liabilities/Deferred Inflows						
Long-term liabilities	14,062,786	14,608,784	(3.7)%	56,492,650	54,425,756	3.8%
Other liabilities	<u>954,470</u>	<u>859,568</u>	11.0%	<u>12,115,186</u>	<u>13,359,852</u>	(9.3)%
Total liabilities/deferred inflows	<u>15,017,256</u>	<u>15,468,352</u>	1.2%	<u>68,607,836</u>	<u>67,785,608</u>	1.2%
Net position						
Net investment in capital assets	15,614,770	12,814,004	21.9%	17,754,900	14,841,968	19.6%
Restricted	-	-		4,789,600	3,920,231	22.2%
Unrestricted	<u>1,179,648</u>	<u>3,916,897</u>	(69.9)%	<u>(34,776,290)</u>	<u>(33,385,665)</u>	4.2%
Total net position	<u>\$ 16,794,418</u>	<u>\$ 16,730,901</u>	0.4%	<u>\$ (12,231,790)</u>	<u>\$ (14,623,466)</u>	(16.4)%

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.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

(Unaudited)

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 \$2,391,676 decreasing its prior year's deficit of \$(14,623,466), after restatement for GASB 68, to a deficit of \$(12,231,790). The village's total assets/deferred outflows equal \$56,371,152. The village's total liabilities/ deferred inflows equal \$68,607,836.

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 \$9,171,000 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. Additionally, the village issued General Obligation Debt to fund, in part, a current refunding of TIF bonds. These bonds have a balance of \$17,214,021 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 \$(34,776,290).

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 (Unaudited)

Table 2
Condensed Statements of Activities
(in actual dollars)

	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Revenues			
<i>Program revenues</i>			
Charges for services	\$ 710,914	\$ 633,635	12.2%
Operating grants and contributions	355,379	310,906	14.3%
<i>General revenues</i>			
Taxes	11,561,323	11,008,376	5.0%
Other general revenues	<u>1,100,011</u>	<u>328,393</u>	235.0%
Total revenues	<u>13,727,627</u>	<u>12,281,310</u>	11.8%
Expenses			
General government	2,941,363	2,782,855	5.7%
Public safety	4,882,341	5,268,905	-7.3%
Public works	498,191	709,709	-29.8%
Community development	1,545,961	29,544	5,132.7%
Interest on long term debt	<u>1,578,404</u>	<u>813,330</u>	94.1%
Total expenses	<u>11,446,260</u>	<u>9,604,343</u>	19.2%
Transfers/contributions	<u>46,792</u>	<u>629,470</u>	-92.6%
Change in net position	2,328,159	3,306,437	(29.6)%
Net position, beginning of year	<u>(31,354,367)</u>	<u>(34,660,804)</u>	-9.5%
Net position, end of year	<u>\$ (29,026,208)</u>	<u>\$ (31,354,367)</u>	(7.4)%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 (Unaudited)

Table 2
Condensed Statements of Activities
(in actual dollars)

	<u>Business-Type Activities</u>				<u>Total</u>	
	2016	2015	Change	2016	2015	Change
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 11,315,329	\$ 11,245,587	0.6%	\$ 12,026,243	\$ 11,879,222	1.2%
Operating grants and contributions	-	-		355,379	310,906	14.3%
<i>General revenues</i>						
Taxes	-	-		11,561,323	11,008,376	5.0%
Other general revenues	608	433	40.4%	1,100,619	328,826	234.7%
Total revenues	<u>11,315,937</u>	<u>11,246,020</u>	0.6%	<u>25,043,564</u>	<u>23,527,330</u>	6.4%
Expenses						
General government	-	-		2,941,363	2,782,855	5.7%
Public safety	-	-		4,882,341	5,268,905	-7.3%
Public works	-	-		498,191	709,709	-29.8%
TIF economic development	-	-	-%	1,545,961	29,544	5,132.7%
Interest on long term debt - GA	-	-		1,578,404	813,330	94.1%
Water	8,710,633	8,400,241	3.7%	8,710,633	8,400,241	3.7%
Athletics and exposition	1,820,900	1,598,563	13.9%	1,820,900	1,598,563	13.9%
Interest on long term debt - BTA	674,095	693,511	-2.8%	674,095	693,511	-2.8%
Total expenses	<u>11,205,628</u>	<u>10,692,315</u>	4.8%	<u>22,651,888</u>	<u>20,296,658</u>	11.6%
Transfers/contributions	<u>(46,792)</u>	<u>(629,470)</u>	(92.6)%	-	-	
Change in net position	63,517	(75,765)	(183.8)%	2,391,676	3,230,672	(26.0)%
Net position, beginning of year	<u>16,730,901</u>	<u>16,806,666</u>	(0.5)%	<u>(14,623,466)</u>	<u>(17,854,138)</u>	-18.1%
Net position end of year	<u>\$ 16,794,418</u>	<u>\$ 16,730,901</u>	0.4%	<u>\$ (12,231,790)</u>	<u>\$ (14,623,466)</u>	(16.4)%

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.).

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

(Unaudited)

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

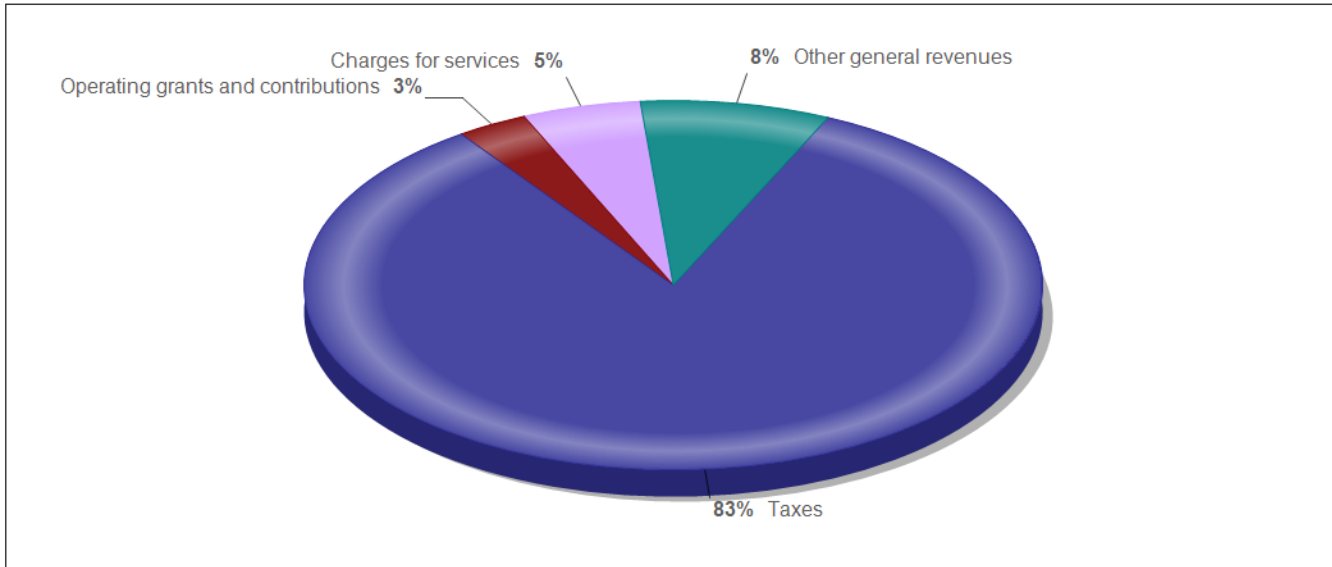
The Governmental Activities experienced an increase in revenue due to an increase in property taxes. As a result, the net position deficit decreased to \$29,026,208 as compared to a deficit of \$31,354,367 in the prior fiscal year.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 (Unaudited)

Governmental Activities

Governmental Revenues by Source



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.

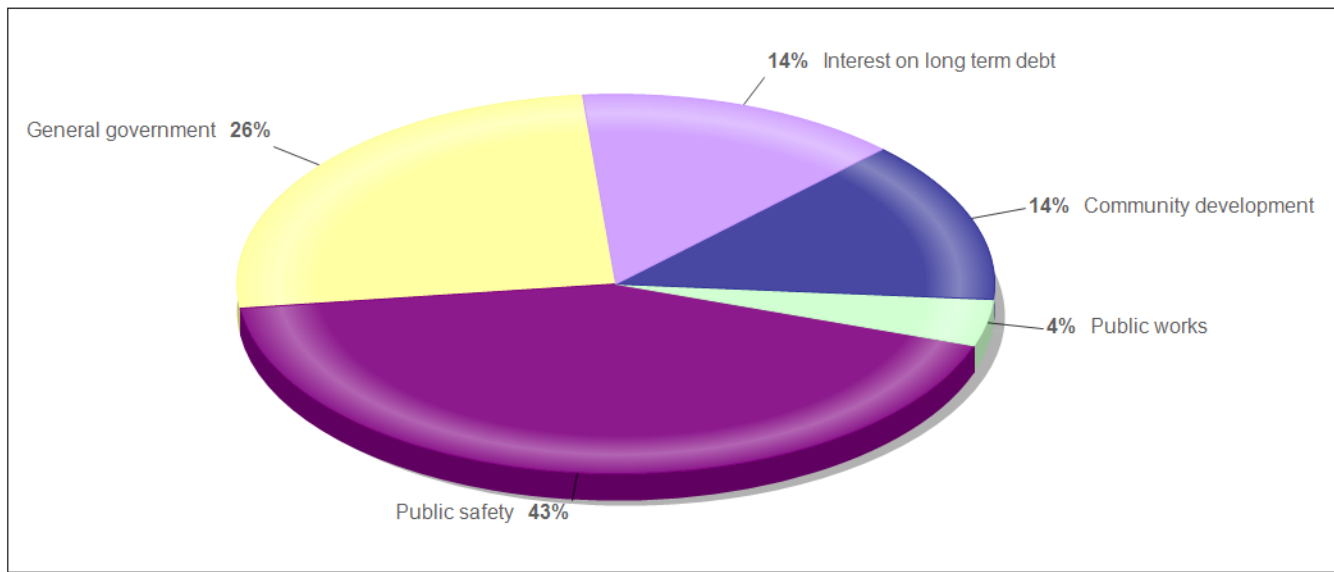
2016 is the ninth year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected approximately \$3.0 million within the TIF District during the year. The village also began collecting property taxes for the Joliet Road TIF in 2009, making 2016 the seventh year with collections from the TIF. 2016 collections totaled approximately \$0.2 million. Additionally, the village began collecting property taxes for the Riverside TIF in 2015. 2016 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 \$9.6 million, which is similar to 2015. The operating revenues of the Max were approximately \$1.8 million in 2016, which is similar to 2015.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 (Unaudited)

Governmental Expenses by Function



Expenses

Expenses for 2016 were \$11.4 million for governmental activities, which is approximately \$2 million higher than prior year. This is primarily due to an increase in community development as well as interest on long-term debt.

The expenses for business-type activities increased approximately \$.5 million due to increases in water charged to the Village by the City of Chicago and additional expenses at the Max.

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 \$9,750,364 which is an increase of \$4.0 million from fiscal year 2015. The revenues exceeded expenditures in the general fund due to an increase in miscellaneous revenue.

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 2015. The operating income for the Water Fund for fiscal 2016 was \$887,443 before consideration of non-operating revenues and expenses and transfers.

The Max Fund operated at a deficit in 2016, but total net position increased by \$433,180 because of a capital contribution from the 1st Avenue TIF Fund made during the year. The Max Fund finished the year with a net position of \$7,847,563. The net position of all proprietary funds at the end of fiscal 2016 equaled \$16,789,524, of which \$1,179,648 is unrestricted. Transfers to the General Fund from the Water Fund totaled \$1,262,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016
(Unaudited)

The original budget was not amended during the year. The actual revenues were greater than projected total revenues in the General Fund by approximately \$870,000 for the year ended December 31, 2016.

Capital Assets and Debt Administration

By the end of 2016, the village had compiled a total investment of \$45,283,537 (\$28,271,486 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 \$1,220,958. More detailed information about capital assets can be found in Note III D. of the basic financial statements.

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VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

(Unaudited)

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 \$25,385,021 in TIF and General Obligation bonds, \$420,289 for vested compensated absences and \$4,372,503 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 \$31,177,813 at December 31, 2016

The village's business-type activities debt includes \$12,892,487 of general obligation debt, \$153,927 in vested compensated absences, and a \$1,016,372 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 2017 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, 2016

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 9,526,006	\$ 4,223,257	\$ 13,749,263
Investments	253,024	400,714	653,738
Receivables (net)			
Real estate taxes	9,047,245	-	9,047,245
Fees receivable	-	766,666	766,666
Other	82,549	-	82,549
Due from other governments	523,110	-	523,110
Prepaid items	-	26,131	26,131
Internal balances	(263,550)	263,550	-
Net pension asset	228,457	-	228,457
Restricted cash and investments	159,875	-	159,875
Capital Assets (net of accumulated depreciation)			
Land	168,488	2,142,625	2,311,113
Land improvements	1,477	1,466,171	1,467,648
Buildings and building improvements	656,570	17,510,588	18,167,158
Machinery and equipment	482,468	522,572	1,005,040
Infrastructure	402,440	4,471,649	4,874,089
Vehicles	428,687	17,751	446,438
Total Assets	<u>21,696,846</u>	<u>31,811,674</u>	<u>53,508,520</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,867,526	-	2,867,526
Total Deferred Outflows of Resources	<u>2,867,526</u>	<u>-</u>	<u>2,867,526</u>
LIABILITIES			
Accounts payable	153,575	669,101	822,676
Accrued salaries	175,819	57,185	233,004
Unearned revenue	13,917	173,593	187,510
Payroll liabilities	17,972	-	17,972
Accrued interest payable	56,568	54,591	111,159
Noncurrent Liabilities			
Due within one year	1,216,577	508,620	1,725,197
Due in more than one year	29,961,236	13,554,166	43,515,402
Net pension liability	11,252,051	-	11,252,051
Total Liabilities	<u>42,847,715</u>	<u>15,017,256</u>	<u>57,864,971</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for receipt in future periods	9,047,245	-	9,047,245
Deferred inflows of resources related to pensions	1,695,620	-	1,695,620
Total Deferred Inflows of Resources	<u>10,742,865</u>	<u>-</u>	<u>10,742,865</u>
NET POSITION			
Net investment in capital assets	2,140,130	15,614,770	17,754,900
Restricted for			
Highways and streets	27,086	-	27,086
Public safety	289,663	-	289,663
Community development	4,441,620	-	4,441,620
Debt service	31,231	-	31,231
Unrestricted (deficit)	<u>(35,955,938)</u>	<u>1,179,648</u>	<u>(34,776,290)</u>
TOTAL NET POSITION	<u>\$ (29,026,208)</u>	<u>\$ 16,794,418</u>	<u>\$ (12,231,790)</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 2,941,363	\$ 378,943	\$ -
Public safety	4,882,341	331,971	349,600
Public works	498,191	-	5,779
Community development	1,545,961	-	-
Interest on long term debt	1,578,404	-	-
Total Governmental Activities	<u>11,446,260</u>	<u>710,914</u>	<u>355,379</u>
Business-type Activities			
Water	8,710,633	9,482,517	-
Sewer	-	120,453	-
Athletics and exposition	<u>2,494,995</u>	<u>1,712,359</u>	<u>-</u>
Total Business-type Activities	<u>11,205,628</u>	<u>11,315,329</u>	<u>-</u>
Total	<u>\$ 22,651,888</u>	<u>\$ 12,026,243</u>	<u>\$ 355,379</u>

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
Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,562,420)	\$ -	\$ (2,562,420)
(4,200,770)	-	(4,200,770)
(492,412)	-	(492,412)
(1,545,961)	-	(1,545,961)
<u>(1,578,404)</u>	<u>-</u>	<u>(1,578,404)</u>
<u>(10,379,967)</u>	<u>-</u>	<u>(10,379,967)</u>
-	771,884	771,884
-	120,453	120,453
<u>-</u>	<u>(782,636)</u>	<u>(782,636)</u>
<u>-</u>	<u>109,701</u>	<u>109,701</u>
<u>(10,379,967)</u>	<u>109,701</u>	<u>(10,270,266)</u>
8,239,322	-	8,239,322
586,680	-	586,680
21,621	-	21,621
1,451,375	-	1,451,375
45,872	-	45,872
736,580	-	736,580
45,531	-	45,531
7,911	-	7,911
40,000	-	40,000
258,263	-	258,263
14,375	-	14,375
94,539	-	94,539
35,803	608	36,411
19,254	-	19,254
<u>1,064,208</u>	<u>-</u>	<u>1,064,208</u>
<u>12,661,334</u>	<u>608</u>	<u>12,661,942</u>
<u>46,792</u>	<u>(46,792)</u>	<u>-</u>
<u>12,708,126</u>	<u>(46,184)</u>	<u>12,661,942</u>
2,328,159	63,517	2,391,676
<u>(31,354,367)</u>	<u>16,730,901</u>	<u>(14,623,466)</u>
<u>\$ (29,026,208)</u>	<u>\$ 16,794,418</u>	<u>\$ (12,231,790)</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2016

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 5,586,616	\$ 3,135,387	\$ 804,003	\$ 9,526,006
Investments	253,024	-	-	253,024
Receivables (net)				
Real estate taxes	3,856,300	3,594,863	1,596,082	9,047,245
Other	82,549	-	-	82,549
Restricted cash and investments	159,875	-	-	159,875
Due from other governments	523,110	-	-	523,110
Due from other funds	-	999,142	1,459	1,000,601
TOTAL ASSETS	<u>\$ 10,461,474</u>	<u>\$ 7,729,392</u>	<u>\$ 2,401,544</u>	<u>\$ 20,592,410</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 153,575	\$ -	\$ -	\$ 153,575
Accrued salaries	175,819	-	-	175,819
Payroll liabilities	17,972	-	-	17,972
Unearned revenue	13,917	-	-	13,917
Due to other funds	1,000,601	202,229	61,321	1,264,151
Total Liabilities	<u>1,361,884</u>	<u>202,229</u>	<u>61,321</u>	<u>1,625,434</u>
Deferred Inflows of Resources				
Property taxes levied for receipt in future periods	3,856,300	3,594,863	1,596,082	9,047,245
Unavailable local revenue	169,367	-	-	169,367
Total Deferred Inflows of Resources	<u>4,025,667</u>	<u>3,594,863</u>	<u>1,596,082</u>	<u>9,216,612</u>
Fund Balances				
Restricted for public safety	159,875	-	129,788	289,663
Restricted for community development	-	3,885,584	556,036	4,441,620
Restricted for highways and streets	-	-	27,086	27,086
Restricted for debt service purposes	-	-	31,231	31,231
Unassigned (deficit)	4,914,048	46,716	-	4,960,764
Total Fund Balances	<u>5,073,923</u>	<u>3,932,300</u>	<u>744,141</u>	<u>9,750,364</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,461,474</u>	<u>\$ 7,729,392</u>	<u>\$ 2,401,544</u>	<u>\$ 20,592,410</u>

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, 2016

Total Fund Balances - Governmental Funds	\$ 9,750,364
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.	2,140,130
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.	169,367
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	228,457
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,867,526
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,695,620)
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	(26,385,021)
Compensated absences	(420,289)
Net pension liabilities	(11,252,051)
Net OPEB obligation	(4,372,503)
Accrued interest payable	<u>(56,568)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (29,026,208)</u>

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 6,836,458	\$ 3,030,215	\$ 1,658,828	\$ 11,525,501
Intergovernmental	349,600	-	5,779	355,379
Licenses, permits and fees	470,929	-	43,807	514,736
Fines and police reports	204,439	-	-	204,439
Investment income	18,260	17,196	347	35,803
Miscellaneous	1,074,098	-	1,103	1,075,201
Total Revenues	<u>8,953,784</u>	<u>3,047,411</u>	<u>1,709,864</u>	<u>13,711,059</u>
EXPENDITURES				
Current				
General government	2,880,838	-	-	2,880,838
Public safety	4,192,436	-	106	4,192,542
Public works	323,955	-	-	323,955
TIF economic development	-	584,866	1,480,420	2,065,286
Debt Service				
Principal retirement	-	13,275,000	2,657,000	15,932,000
Interest and other	-	1,374,277	147,559	1,521,836
Capital Outlay	533,911	2,804	-	536,715
Total Expenditures	<u>7,931,140</u>	<u>15,236,947</u>	<u>4,285,085</u>	<u>27,453,172</u>
Excess (deficiency) of revenues over expenditures	<u>1,022,644</u>	<u>(12,189,536)</u>	<u>(2,575,221)</u>	<u>(13,742,113)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,691,856	-	-	2,691,856
Transfers out	(490,850)	(805,108)	(826,977)	(2,122,935)
Bond proceeds on current refunding	-	13,625,000	2,180,000	15,805,000
Premiums on bonds issued	-	1,306,102	102,920	1,409,022
Total Other Financing Sources (Uses)	<u>2,201,006</u>	<u>14,125,994</u>	<u>1,455,943</u>	<u>17,782,943</u>
Net Change in Fund Balances	3,223,650	1,936,458	(1,119,278)	4,040,830
FUND BALANCES - Beginning of Year	<u>1,850,273</u>	<u>1,995,842</u>	<u>1,863,419</u>	<u>5,709,534</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,073,923</u>	<u>\$ 3,932,300</u>	<u>\$ 744,141</u>	<u>\$ 9,750,364</u>

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, 2016

Net change in fund balances - total governmental funds	\$ 4,040,830
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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	405,916
Depreciation is reported in the government-wide financial statements	(293,750)

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.	16,568
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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.

Debt issued	(17,214,021)
Principal repaid	15,932,000

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	(38,914)
Net OPEB obligation	(429,195)
Net pension asset	(601,161)
Net pension liability	(619,352)
Deferred outflows of resources related to pensions	59,283
Deferred inflows of resources related to pensions	1,126,523
Accrued interest payable	<u>(56,568)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,328,159</u>
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VILLAGE OF MCCOOK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,478,538	\$ 744,719	\$ 4,223,257
Investments	400,714	-	400,714
Receivables (net)			
Accounts	754,716	11,950	766,666
Due from other funds	61,321	202,229	263,550
Prepaid items	26,131	-	26,131
Total Current Assets	<u>4,721,420</u>	<u>958,898</u>	<u>5,680,318</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Land	-	2,142,625	2,142,625
Land improvements	-	1,466,171	1,466,171
Vehicles	4,860	12,891	17,751
Machinery and equipment	-	522,572	522,572
Infrastructure	4,471,649	-	4,471,649
Buildings and improvements	<u>1,187,715</u>	<u>16,322,873</u>	<u>17,510,588</u>
Total Noncurrent Assets	<u>5,664,224</u>	<u>20,467,132</u>	<u>26,131,356</u>
Total Assets	<u>10,385,644</u>	<u>21,426,030</u>	<u>31,811,674</u>
LIABILITIES			
Current Liabilities			
Accounts payable	645,422	23,679	669,101
Accrued salaries	29,643	27,542	57,185
Unearned revenue	-	173,593	173,593
Accrued interest	-	54,591	54,591
Total Current Liabilities	<u>675,065</u>	<u>279,405</u>	<u>954,470</u>
Noncurrent Liabilities			
Long-Term Debt			
Due within one year	39,130	469,490	508,620
Due in more than one year	<u>724,594</u>	<u>12,829,572</u>	<u>13,554,166</u>
Total Liabilities	<u>1,438,789</u>	<u>13,578,467</u>	<u>15,017,256</u>
NET POSITION			
Net investment in capital assets	5,664,224	9,950,546	15,614,770
Unrestricted	<u>3,282,631</u>	<u>(2,102,983)</u>	<u>1,179,648</u>
TOTAL NET POSITION	<u>\$ 8,946,855</u>	<u>\$ 7,847,563</u>	<u>\$ 16,794,418</u>

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, 2016

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
OPERATING REVENUES			
Water and sewer charges	\$ 9,593,919	\$ -	\$ 9,593,919
Late charges	9,051	-	9,051
Rentals and sales	-	1,712,359	1,712,359
Total Operating Revenues	<u>9,602,970</u>	<u>1,712,359</u>	<u>11,315,329</u>
OPERATING EXPENSES			
Personnel services	588,124	584,729	1,172,853
Contractual services	7,596,349	296,512	7,892,861
Supplies	26,864	57,567	84,431
Repairs and maintenance	22,572	37,143	59,715
Electricity	245,024	116,636	361,660
Depreciation	231,268	691,046	922,314
Other charges	432	33,985	34,417
Total Operating Expenses	<u>8,710,633</u>	<u>1,817,618</u>	<u>10,528,251</u>
Operating Income (Loss)	<u>892,337</u>	<u>(105,259)</u>	<u>787,078</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	608	608
Bond interest expense	-	(677,377)	(677,377)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(676,769)</u>	<u>(676,769)</u>
Income (Loss) Before Contributions and Transfers	<u>892,337</u>	<u>(782,028)</u>	<u>110,309</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	522,129	522,129
Transfers in	-	693,079	693,079
Transfers out	(1,262,000)	-	(1,262,000)
Total Contributions and Transfers	<u>(1,262,000)</u>	<u>1,215,208</u>	<u>(46,792)</u>
Change in Net Position	(369,663)	433,180	63,517
NET POSITION - Beginning of Year	<u>9,316,518</u>	<u>7,414,383</u>	<u>16,730,901</u>
NET POSITION - END OF YEAR	<u>\$ 8,946,855</u>	<u>\$ 7,847,563</u>	<u>\$ 16,794,418</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 9,539,136	\$ 1,728,134	\$ 11,267,270
Paid to suppliers for goods and services	(7,820,941)	(557,450)	(8,378,391)
Paid to employees for services	(501,697)	(568,874)	(1,070,571)
Net Cash Flows From Operating Activities	<u>1,216,498</u>	<u>601,810</u>	<u>1,818,308</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	608	608
Net Cash Flows From (Used By) Investing Activities	<u>-</u>	<u>608</u>	<u>608</u>
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES			
Transfers - in from (out to) other funds	(1,262,000)	693,079	(568,921)
Interfund borrowing / (lending)	-	(202,229)	(202,229)
Net Cash Flows From (Used By) Noncapital Financing Activities	<u>(1,262,000)</u>	<u>490,850</u>	<u>(771,150)</u>
CASH FLOWS (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	-	(400,000)	(400,000)
Interest paid	-	(675,793)	(675,793)
Acquisition and construction of capital assets	-	(33,399)	(33,399)
Net Cash Flows (Used By) Capital and Related Financing Activities	<u>-</u>	<u>(1,109,192)</u>	<u>(1,109,192)</u>
Net Change in Cash and Cash Equivalents	(45,502)	(15,924)	(61,426)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,524,040</u>	<u>760,643</u>	<u>4,284,683</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,478,538</u>	<u>\$ 744,719</u>	<u>\$ 4,223,257</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water	Max	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 892,337	\$ (105,259)	\$ 787,078
Adjustments to Reconcile Operating Income to Net Cash			
Flows From Operating Activities			
Depreciation	231,268	691,046	922,314
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(63,834)	7,550	(56,284)
Increase (decrease) in accounts payable	70,300	(15,607)	54,693
Increase in accrued salaries	5,637	4,099	9,736
Increase in compensated absences	16,621	1,963	18,584
Increase in net OPEB obligation	64,169	9,793	73,962
Increase in unearned revenue	-	8,225	8,225
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,216,498</u>	<u>\$ 601,810</u>	<u>\$ 1,818,308</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contribution	<u>\$ -</u>	<u>\$ 522,129</u>	

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2016

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 866,453
Investments - certificates of deposits with banks	197,833
Investments - other, at fair value	8,937,263
Interest receivable	<u>8,019</u>
Total Assets	<u>10,009,568</u>
 NET POSITION	
Restricted for pension benefits	<u>\$ 10,009,568</u>

VILLAGE OF MCCOOK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2016

	<u>Pension Trusts</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 890,000
Employee contributions	<u>159,467</u>
Total Contributions:	<u>1,049,467</u>
Investment income:	
Mutual Funds	175,512
Net appreciation in fair value of investments	270,178
Government securities	38,814
Insurance contracts	23,143
Bank deposits	<u>2,900</u>
Total Investment Income	510,547
Less Investment management fees	<u>(44,833)</u>
Net Investment Income	<u>465,714</u>
Total Additions	<u>1,515,181</u>
DEDUCTIONS	
Payments to participants	592,639
Payments to beneficiaries	164,713
Administrative	<u>32,763</u>
Total Deductions	<u>790,115</u>
Change in Net Position	725,066
NET POSITION - Beginning of Year	<u>9,284,502</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,009,568</u></u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

In August 2015, the GASB issued statement No. 77 - *Tax Abatement Disclosures*. This statement addresses financial reporting related to tax abatement programs. It establishes requirements for disclosures about a reporting government's own tax abatements agreements and agreements entered into by other governments that reduce the reporting government's tax revenues. This standard was implemented January 1, 2016.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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
Joliet Road TIF Fund
Riverside TIF Fund

911 E.T.S. Fund
IDCEO Grant 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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 III. A. for further information.

2. Receivables

Property taxes for levy year 2016 attaches as an enforceable lien on January 1, 2016, 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 2016 tax levy, which attached as an enforceable lien on the property as of January 1, 2016, has been recorded as a receivable as of December 31, 2016.

Tax bills for levy year 2016 are prepared by the Cook County Collector and are payable in two installments, due on or about March 1, 2017 and August 1, 2017 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2016 property tax levy is recognized as a receivable and deferred inflow in fiscal 2016, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2016, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2016 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent (\$184,638) of outstanding property taxes at December 31, 2016.

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.

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.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.)

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.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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 (cont.)

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER BUDGET

Budgeted expenditures in the 1st Avenue TIF, Riverside TIF and Debt funds were \$4,127,145, \$1,335,200 and \$380,300; respectively. Total expenditures were \$15,236,947, \$1,474,783 and \$2,628,659; respectively. This results in excess expenditures of \$11,109,802, \$139,583 and \$2,248,359; respectively. The overages are related to the current refundings of previously issued debt that was not budgeted.

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - 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	\$ 9,373,927	\$ 9,869,759	Custodial credit risk - deposits
US agencies	3,643	3,643	Custodial credit risk - investments; Interest rate risk
Mutual funds	4,194,096	4,194,096	N/A
Illinois Funds	5,745,055	5,745,055	Credit risk
Corporate bonds	245,941	245,941	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	3,589,905	3,589,905	Concentration of credit risk; Credit risk
FFI Premier Institutional Money Market Fund	603,551	603,551	Credit risk
State and local obligations	803,612	803,612	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	<u>\$ 24,564,425</u>	<u>\$ 25,060,257</u>	

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - 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	\$ 13,749,263
Restricted cash and investments	159,875
Certificates of deposits classified as investments	653,738

Per statement of net position - fiduciary funds

Cash and cash equivalents	866,453
Certificates of deposits classified as investments	197,833
Investments - other	<u>8,937,263</u>

Total Deposits and Investments	<u><u>\$ 24,564,425</u></u>
--------------------------------	-----------------------------

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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:

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 4,194,096	\$ -	\$ -	\$ 4,194,096
State and local obligations	-	803,612	-	803,612
Corporate bonds	-	245,941	-	245,941
U.S. agencies (explicitly)	-	3,643	-	3,643
Insurance contracts	-	-	3,589,905	3,589,905
Total	<u>\$ 4,194,096</u>	<u>\$ 1,053,196</u>	<u>\$ 3,589,905</u>	<u>\$ 8,837,197</u>

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2016, 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

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. As of year end, the market value of the police pension's insurance contracts represent 43% of the pension's net position. The firefighters' pension investment policy does not specifically address these risks.

At December 31, 2016, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Jackson National Life Insurance	Police pension general contract	37.10%
Rosemont, IL	Fire pension state and local obligation	5.37%

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2016, the village's investments were as follows:

<u><i>Police Pension Fund</i></u>		Maturity (In Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More Than 10
State & local G.O. bonds	\$ 755,346	\$ 60,325	\$ 274,114	\$ 362,170	\$ 58,737
U.S. agencies - explicitly	3,643	-	1,316	2,327	-
Totals	<u>\$ 758,989</u>	<u>\$ 60,325</u>	<u>\$ 275,430</u>	<u>\$ 364,497</u>	<u>\$ 58,737</u>

<u><i>Fire Pension Fund</i></u>		Maturity (In Months)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More Than 10
State & local G.O. bonds	\$ 48,266	\$ -	\$ 10,390	\$ -	\$ 37,876
Corporate bonds	245,941	-	-	110,481	135,460
Totals	<u>\$ 294,207</u>	<u>\$ -</u>	<u>\$ 10,390</u>	<u>\$ 110,481</u>	<u>\$ 173,336</u>

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

B. RECEIVABLES

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

B. RECEIVABLES (cont.)

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:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 9,047,245	\$ -
Local revenue received after availability period	-	169,367
Unearned telecommunication fees	<u>13,917</u>	<u>-</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u><u>\$ 9,061,162</u></u>	 <u><u>\$ 169,367</u></u>
 Unearned revenue included in liabilities	 \$ 13,917	
Unearned revenue included in deferred inflows	<u>9,047,245</u>	
 Total Unearned Revenue for Governmental Funds	 <u><u>\$ 9,061,162</u></u>	

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

	<u>Unearned</u>
Unearned rental income	<u>\$ 173,593</u>
 Total Unearned Revenue for Proprietary Funds	 <u><u>\$ 173,593</u></u>

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, 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	<u>168,488</u>	<u>-</u>	<u>-</u>	<u>168,488</u>
Capital assets being depreciated				
Land improvements	91,950	-	-	91,950
Buildings	1,234,892	-	-	1,234,892
Machinery and equipment	1,479,341	62,069	-	1,541,410
Infrastructure	3,116,813	290,059	-	3,406,872
Vehicles	1,723,100	53,788	-	1,776,888
Total Capital Assets Being Depreciated	<u>7,646,096</u>	<u>405,916</u>	<u>-</u>	<u>8,052,012</u>
Total Capital Assets	<u>7,814,584</u>	<u>405,916</u>	<u>-</u>	<u>8,220,500</u>
Less: Accumulated depreciation for				
Land improvements	(89,509)	(964)	-	(90,473)
Buildings	(543,060)	(35,262)	-	(578,322)
Machinery and equipment	(979,032)	(79,910)	-	(1,058,942)
Infrastructure	(2,929,580)	(74,852)	-	(3,004,432)
Vehicles	(1,245,439)	(102,762)	-	(1,348,201)
Total Accumulated Depreciation	<u>(5,786,620)</u>	<u>(293,750)</u>	<u>-</u>	<u>(6,080,370)</u>
Net Capital Assets Being Depreciated	<u>1,859,476</u>	<u>112,166</u>	<u>-</u>	<u>1,971,642</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,027,964</u>	<u>\$ 112,166</u>	<u>\$ -</u>	<u>\$ 2,140,130</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
Administration	\$ 21,894
Public safety	116,802
Public works, which includes the depreciation of infrastructure	<u>155,054</u>
Total Governmental Activities Depreciation Expense	<u>\$ 293,750</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - 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	<u>2,142,625</u>	<u>-</u>	<u>-</u>	<u>2,142,625</u>
Capital assets being depreciated				
Buildings and improvements	20,664,582	386,997	-	21,051,579
Machinery and equipment	1,604,437	32,447	-	1,636,884
Vehicles	344,043	-	-	344,043
Infrastructure	10,294,330	-	-	10,294,330
Land improvements	<u>1,455,794</u>	<u>137,782</u>	<u>-</u>	<u>1,593,576</u>
Total Capital Assets Being Depreciated	<u>34,363,186</u>	<u>557,226</u>	<u>-</u>	<u>34,920,412</u>
Total Capital Assets	<u>36,505,811</u>	<u>557,226</u>	<u>-</u>	<u>37,063,037</u>
Less: Accumulated depreciation for				
Buildings and improvements	(2,933,967)	(607,024)	-	(3,540,991)
Machinery and equipment	(1,016,611)	(97,701)	-	(1,114,312)
Vehicles	(309,538)	(16,754)	-	(326,292)
Infrastructure	(5,652,767)	(169,914)	-	(5,822,681)
Land improvements	<u>(96,484)</u>	<u>(30,921)</u>	<u>-</u>	<u>(127,405)</u>
Total Accumulated Depreciation	<u>(10,009,367)</u>	<u>(922,314)</u>	<u>-</u>	<u>(10,931,681)</u>
Net Capital Assets Being Depreciated	<u>24,353,819</u>	<u>(365,088)</u>	<u>-</u>	<u>23,988,731</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,496,444</u>	<u>\$ (365,088)</u>	<u>\$ -</u>	<u>\$ 26,131,356</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 231,268
Athletic and Exposition	<u>691,046</u>
Total Business-type Activities Depreciation Expense	<u>\$ 922,314</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - 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
1st Avenue TIF	General	\$ 999,142
Max	1st Avenue TIF	202,229
Water	Nonmajor Governmental Funds	61,321
General	Nonmajor Governmental Funds	<u>1,459</u>
Total - Fund Financial Statements		1,264,151
Less: Government-wide eliminations		<u>(1,000,601)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 263,550</u></u>

All amounts are due within one year.

The due from/to balance between the General Fund and the 1st Avenue TIF Fund relates to year-end transfers.

The due from/to balance between the Max Fund and the 1st Ave TIF Fund relates to year-end transfers.

The due from/to balance between the Water Fund and the IDECO Fund is a result of expenditures paid on behalf of the IDECO Fund by the Water Fund.

The due from/to balance between the General Fund and the Motor Fuel Tax Fund relates to year-end transfers.

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Water	\$ 1,262,000	Operating expenses
General	1st Avenue TIF	602,879	Administrative expenses
General	Nonmajor Governmental		
MAX	Funds	826,977	Administrative expenses
MAX	General	490,850	Operating expenses
MAX	1st Avenue TIF	<u>202,229</u>	Administrative expenses
Total - Fund Financial Statements		3,384,935	
Less: Fund eliminations		(1,429,856)	
Less: Government-wide eliminations		<u>(1,908,287)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 46,792</u>	

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 25,103,000	\$ 15,805,000	\$ 15,932,000	\$ 24,976,000	\$ 1,075,000
(Discounts)/Premiums	-	1,409,021	-	1,409,021	-
Sub-totals	<u>25,103,000</u>	<u>17,214,021</u>	<u>15,932,000</u>	<u>26,385,021</u>	<u>1,075,000</u>
Other Liabilities					
Vested compensated absences	381,375	206,042	167,128	420,289	141,577
Net pension liability - SLEP	43,339	2,681	4,480	41,540	-
Net pension liability - police	9,701,548	2,185,890	1,422,533	10,464,905	-
Net pension liability - firefighters'	887,812	-	142,206	745,606	-
Net OPEB obligation	<u>3,943,308</u>	<u>716,351</u>	<u>287,156</u>	<u>4,372,503</u>	<u>-</u>
Total Other Liabilities	<u>14,957,382</u>	<u>3,110,964</u>	<u>2,023,503</u>	<u>16,044,843</u>	<u>141,577</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 40,060,382</u>	<u>\$ 20,324,985</u>	<u>\$ 17,955,503</u>	<u>\$ 42,429,864</u>	<u>\$ 1,216,577</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 13,335,000	\$ -	\$ 400,000	\$ 12,935,000	\$ 450,000
(Discounts)/Premiums	<u>(47,379)</u>	<u>-</u>	<u>(4,866)</u>	<u>(42,513)</u>	<u>-</u>
Sub-totals	<u>13,287,621</u>	<u>-</u>	<u>395,134</u>	<u>12,892,487</u>	<u>450,000</u>
Other Liabilities					
Vested compensated absences	135,343	69,076	50,492	153,927	58,620
Net OPEB obligation	<u>942,410</u>	<u>123,445</u>	<u>49,483</u>	<u>1,016,372</u>	<u>-</u>
Total Other Liabilities	<u>1,077,753</u>	<u>192,521</u>	<u>99,975</u>	<u>1,170,299</u>	<u>58,620</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 14,365,374</u>	<u>\$ 192,521</u>	<u>\$ 495,109</u>	<u>\$ 14,062,786</u>	<u>\$ 508,620</u>

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - 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 12/31/2016 was 2.90%.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Series 2016A - current refunding of Series 2009 (partial) and Series 2013	12/08/2016	12/1/2025	1.55% - 3.45%	\$ 8,830,000	\$ 8,830,000
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	8,845,000
2014 Series - Joliet Rd. TIF	3/25/2014	12/31/2018	5.00%	760,000	<u>326,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 24,976,000</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2008 Series	6/16/2008	12/1/2030	4.00% - 5.00%	\$ 15,030,000	<u>\$ 12,935,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 12,935,000</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 1,075,000	\$ 983,489	\$ 450,000	\$ 655,095
2018	1,131,000	980,495	500,000	632,595
2019	1,020,000	943,870	570,000	607,595
2020	2,070,000	913,935	630,000	579,095
2021	2,090,000	852,540	700,000	547,595
2022-2026	12,460,000	2,807,325	4,655,000	2,140,475
2027-2030	5,130,000	338,095	5,430,000	727,555
Totals	<u>\$ 24,976,000</u>	<u>\$ 7,819,749</u>	<u>\$ 12,935,000</u>	<u>\$ 5,890,005</u>

Current Refunding

On December 08, 2016 and December 29, 2016, the village issued \$8,830,000, \$1,000,000 and \$5,975,000 in GO 2016A Series general obligation bonds, GO 2016C Series general obligation bonds and GO 2016B Series general obligations bonds, respectively. The average coupon rates are 5.00%, 3.00% and 5.00%, respectively. The proceeds from these bond issuances refunded \$12,200,000, \$1,055,000 and \$2,245,000 of GO 2009 Series, GO 2012 Series and GO 2013 Series outstanding bonds, respectively. The average coupon rate of the refunded bonds were variable. The net proceeds were used to pay the outstanding debt, which was callable as funds became available.

The cash flow requirements on the refunded debt prior to the current refunding was \$19,419,424 from 2017 through 2027 assuming no early principal payments were made prior to the final due date of the bond. The cash flow requirements on the GO Series 2016A, 2016C and 2016B refunding bonds are \$20,793,368 from 2017 through 2028, resulting in a cash flow loss of \$1,373,944. Additionally, \$385,200 was used to terminate the derivative related to the 2009 Series 1st Avenue TIF bonds and the village received new money proceeds of \$843,9634. The refunding resulted in an economic gain of \$210,378 due to favorable interest rates.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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.

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, 2015, the measurement date, membership in the plan was as follows:

	Regular Plan	SLEP
Retirees and beneficiaries	11	1
Inactive, non-retired members	20	-
Active members	31	-
Total	62	1

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 2015 were 7.42% 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, 2015, and the total pension liabilities used to calculate the net pension liabilities/(assets) were determined by actuarial valuations as of that date.

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, 2015 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%	6.90%
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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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:

Asset Class	Target Allocation	Projected Returns/Risks	
		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 rates used to measure the total pension liabilities for the Regular and SLEP plans were 7.50% and 6.90%, respectively. The discount rates calculated using the December 31, 2014 measurement date were 7.50% and 6.89%. 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 not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at discount rates of 7.50% and 6.90%, respectively, for the Regular and SLEP plans used to determine the total pension liabilities. The years ending December 31, 2115 and 2041 are the last years in the 2016 to 2115 projection periods for which projected benefit payments are fully funded for the Regular and SLEP plans, respectively.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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 rates of 7.50% and 6.89%, respectively, 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 Regular and 5.90% for SLEP) or 1 percentage point higher (8.50% for Regular and 7.90% for SLEP) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 5,709,720	\$ 4,915,409	\$ 4,278,775
Plan fiduciary net pension	5,143,866	5,143,866	5,143,866
Net pension liability/(asset)	<u>\$ 565,854</u>	<u>\$ (228,457)</u>	<u>\$ (865,091)</u>
SLEP:			
Total pension liability	\$ 175,967	\$ 160,319	\$ 146,899
Plan fiduciary net pension	118,779	118,779	118,779
Net pension liability/(asset)	<u>\$ 57,188</u>	<u>\$ 41,540</u>	<u>\$ 28,120</u>

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, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2014	\$ 4,570,435	\$ 5,400,053	\$ (829,618)
Service cost	174,332	-	174,332
Interest on total pension liability	343,140	-	343,140
Differences between expected and actual experience of the total pension liability	(7,698)	-	(7,698)
Benefit payments, including refunds of employee contributions	(164,800)	(164,800)	-
Contributions - employer	-	131,521	(131,521)
Contributions - employee	-	75,298	(75,298)
Net investment income	-	27,105	(27,105)
Other (net transfer)	-	(325,311)	325,311
Balances at December 31, 2015	<u>\$ 4,915,409</u>	<u>\$ 5,143,866</u>	<u>\$ (228,457)</u>
Plan fiduciary net position as a percentage of the total pension liability			104.65 %

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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)
<i>SLEP:</i>			
Balances at December 31, 2014	\$ 160,208	\$ 116,869	\$ 43,339
Interest on total pension liability	10,619	-	10,619
Differences between expected and actual experience of the total pension liability	1,796	-	1,796
Change of assumptions	(145)	-	(145)
Benefit payments, including refunds of employee contributions	(12,159)	(12,159)	-
Contributions - employer	-	3,916	(3,916)
Net investment income	-	564	(564)
Other (net transfer)	-	9,589	(9,589)
Balances at December 31, 2015	<u>\$ 160,319</u>	<u>\$ 118,779</u>	<u>\$ 41,540</u>
Plan fiduciary net position as a percentage of the total pension liability			74.09 %

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2016, the village recognized pension expense of \$376,699 and (\$4,156), 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	\$ -	\$ 320,387
Assumption changes	61,679	-
Net difference between projected and actual earnings on pension plan investments	335,453	-
Contributions subsequent to the measurement date	104,998	-
Total	<u>\$ 502,130</u>	<u>\$ 320,387</u>
<i>SLEP:</i>		
Net difference between projected and actual earnings on pension plan investments	7,590	-
Total	<u>\$ 7,590</u>	<u>\$ -</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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 (\$76,745 for Regular and \$7,590 for SLEP) will be recognized in pension expense as follows:

Year Ending December 31,	Regular Plan	SLEP
2017	\$ 3,595	\$ 1,979
2018	3,595	1,979
2019	3,596	1,980
2020	66,192	1,652
2021	(233)	-
Total	<u>\$ 76,745</u>	<u>\$ 7,590</u>

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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, 2016, the Police Pension membership consisted of:

Retirees and beneficiaries	11
Inactive, non-retired members	3
Active members	<u>18</u>
Total	<u><u>32</u></u>

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, 2016 was 52.36% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2016, 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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, 2016 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	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-2000 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 long-term expected rate of return on the Police Pension Plan's investments was determined using a building block method. The best estimate for future real rates of return are developed for each of the major asset classes. Future real rates of return are weighted based on the target allocation within the Plan investment policy. Expectation inflation is added back in. Adjustment is made to reflect geometric returns. Best estimated or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2016 are as follows:

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. government and agency securities	21%	0.8%
Municipal bonds	N/A	0.8%
Corporate bonds	10%	0.8%
Certificates of deposit	4%	0.8%
Stocks and mutual funds	65%	7.6%

Illinois Compiled Statutes (ILCS) limit the 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

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	\$ 22,686,345	\$ 19,768,698	\$ 17,408,016
Plan fiduciary net position	<u>9,303,793</u>	<u>9,303,793</u>	<u>9,303,793</u>
Net pension liability	<u>\$ 13,382,552</u>	<u>\$ 10,464,905</u>	<u>\$ 8,104,223</u>

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2015	\$ 18,366,328	\$ 8,664,780	\$ 9,701,548
Service cost	231,031	-	231,031
Interest on total pension liability	1,208,828	-	1,208,828
Differences between expected and actual experience of the total pension liability	719,863	-	719,863
Benefit payments, including refunds of employee contributions	(757,352)	(757,352)	-
Contributions - employer	-	800,000	(800,000)
Contributions - employee	-	149,310	(149,310)
Net investment income	-	473,223	(473,223)
Administration	-	(26,168)	26,168
Balances at December 31, 2016	<u>\$ 19,768,698</u>	<u>\$ 9,303,793</u>	<u>\$ 10,464,905</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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, 2016, the village recognized pension expense of \$911,695. 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	\$ 599,886	\$ 1,273,574
Assumption changes	1,329,475	-
Net difference between projected and actual earnings on pension plan investments	381,050	-
Total	<u>\$ 2,310,411</u>	<u>\$ 1,273,574</u>

The amounts reported as deferred outflows and inflows of resources related to pensions (\$1,036,837) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2017	\$ 255,837
2018	255,837
2019	255,837
2020	149,349
2021	119,977
Total	<u>\$ 1,036,837</u>

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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, 2016, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	-
Inactive, non-retired members	-
Active members	<u>1</u>
Total	<u><u>1</u></u>

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2016, 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, 2016 was 86.12% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - 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, 2016 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-2000 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected real rate of return. The long-term expected rate of return on the Firefighters' Pension Plan's investments was determined using a building block method. The best estimate for future real rates of return are developed for each of the major asset classes. Future real rates of return are weighted based on the target allocation within the Plan investment policy. Expectation inflation is added back in. Adjustment is made to reflect geometric returns. Best estimated or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2016 are as follows:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	21%	0.8%
Domestic equities	N/A	0.8%
International equities	10%	0.8%
International equities	4%	0.8%
International equities	65%	7.6%

Illinois Compiled Statutes (ILCS) limit the 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.

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	\$ 1,654,819	\$ 1,451,381	\$ 1,281,076
Plan fiduciary net position	<u>705,775</u>	<u>705,775</u>	<u>705,775</u>
Net pension liability	<u>\$ 949,044</u>	<u>\$ 745,606</u>	<u>\$ 575,301</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2015	\$ 1,507,534	\$ 619,722	\$ 887,812
Service cost	83,294	-	83,294
Interest on total pension liability	103,404	-	103,404
Differences between expected and actual experience of the total pension liability	(242,851)	-	(242,851)
Contributions - employer	-	90,000	(90,000)
Contributions - employee	-	10,157	(10,157)
Net investment income	-	(7,509)	7,509
Administration	-	(6,595)	6,595
Balances at December 31, 2016	<u>\$ 1,451,381</u>	<u>\$ 705,775</u>	<u>\$ 745,606</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2016, the village recognized pension expense of \$(54,793). 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	\$ 47,395	\$ 101,659
Total	<u>\$ 47,395</u>	<u>\$ 101,659</u>

The amounts reported as deferred outflows and inflows of resources related to pensions (\$54,264) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2017	\$ (89,266)
2018	12,393
2019	12,393
2020	10,216
Total	<u>\$ (54,264)</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

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.

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 OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 2016, the village contributed \$336,640 to the plan. Plan members receiving benefits are not required to make any contributions to the plan.

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	<u>(313,243)</u>
Annual OPEB cost	839,797
Contributions made	<u>(336,640)</u>
Increase in net OPEB obligation	503,157
Net OPEB Obligation - Beginning of Year	<u>4,885,718</u>
Net OPEB Obligation - End of Year	<u><u>\$ 5,388,875</u></u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2014	\$ 919,595	29.95	\$ 4,214,513
December 31, 2015	919,595	29.95	4,885,718
December 31, 2016	839,797	40.09	5,388,875

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	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 11,484,076</u></u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 3,899,165
UAAL as a percentage of covered payroll	294.53%

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2016 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% after years. 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, 2016, was 30 years.

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.

<u>Agreement Description</u>	<u>Calculation Method</u>	<u>Developer Commitment</u>	<u>2016 Payments</u>
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	\$ 795,210
Redevelopment Agreement	Reimbursement of eligible costs not to exceed \$4,000,000	Construction and operation of a redevelopment project at 8401 West 47th Street	674,213

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

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 2016, the total estimated impact of these incentives is a reduction in property taxes for those properties in the amount of \$652,657. 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 2016, 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.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > 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. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*
- > 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*

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, 2016

With Comparative Actual Amounts for the Year Ended December 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
TAXES				
Real estate	\$ 3,935,000	\$ 3,550,279	\$ (384,721)	\$ 2,729,960
Replacement	550,000	463,753	(86,247)	508,910
State income	25,000	22,685	(2,315)	25,308
Sales	1,500,000	1,477,481	(22,519)	1,269,354
Dumping	120,000	45,872	(74,128)	117,696
Tax stamp	50,000	736,580	686,580	49,010
Mineral sales/use	40,000	45,531	5,531	45,028
2% fire	-	7,911	7,911	14,840
Video Gaming tax	50,000	66,489	16,489	47,592
Environmental	40,000	40,000	-	40,000
Telecommunication	170,000	270,963	100,963	163,783
Host	12,500	14,375	1,875	12,873
Waste transfer	95,000	94,539	(461)	115,933
Total Taxes	<u>6,587,500</u>	<u>6,836,458</u>	<u>248,958</u>	<u>5,140,287</u>
INTERGOVERNMENTAL				
State forfeiture	-	11,671	11,671	5,172
Federal forfeiture	-	135,429	135,429	194,692
Federal grants	-	202,500	202,500	-
Total Intergovernmental	<u>-</u>	<u>349,600</u>	<u>349,600</u>	<u>199,864</u>
Licenses, permits and fees	1,142,600	470,929	(671,671)	477,553
Fines and police reports	200,000	204,439	4,439	163,063
Interest	3,000	18,260	15,260	2,225
Miscellaneous	150,000	1,074,098	924,098	233,663
Total Revenues	<u>8,083,100</u>	<u>8,953,784</u>	<u>870,684</u>	<u>6,216,655</u>
EXPENDITURES				
GENERAL GOVERNMENT				
General government	<u>4,251,500</u>	<u>2,880,838</u>	<u>1,370,662</u>	<u>2,799,517</u>
PUBLIC SAFETY				
License and enforcement	84,400	79,882	4,518	77,579
Police department	3,231,200	3,227,269	3,931	3,271,032
Fire department	989,500	865,725	123,775	856,031
Board of police and fire commissioners	15,400	8,930	6,470	8,670
Health department	12,900	10,630	2,270	10,570
Emergency disaster service agency	7,100	-	7,100	-
Environmental control	14,900	-	14,900	-
Total Public Safety	<u>4,355,400</u>	<u>4,192,436</u>	<u>162,964</u>	<u>4,223,882</u>

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, 2016 With Comparative Actual Amounts for the Year Ended December 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
PUBLIC WORKS				
Buildings and grounds	\$ 635,400	\$ 266,984	\$ 368,416	\$ 330,356
Sanitation	8,700	379	8,321	4,800
Streets	333,400	22,622	310,778	69,757
Street lighting	65,000	33,970	31,030	24,443
Total Public Works	<u>1,042,500</u>	<u>323,955</u>	<u>718,545</u>	<u>429,356</u>
CAPITAL OUTLAY				
General government	64,200	104,419	(40,219)	2,389
License and enforcement	2,500	3,425	(925)	-
Police department	124,500	22,929	101,571	30,922
Fire department	20,500	148	20,352	606
Buildings and grounds	30,000	55,957	(25,957)	96,761
Streets	24,000	311,897	(287,897)	52,039
Street lighting	18,000	35,136	(17,136)	25,537
Total Capital Outlay	<u>283,700</u>	<u>533,911</u>	<u>(250,211)</u>	<u>208,254</u>
Total Expenditures	<u>9,933,100</u>	<u>7,931,140</u>	<u>2,001,960</u>	<u>7,661,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,850,000)</u>	<u>1,022,644</u>	<u>2,872,644</u>	<u>(1,444,354)</u>
OTHER FINANCING SOURCES				
Transfers in	1,850,000	2,691,856	841,856	1,834,130
Transfers out	-	(490,850)	(490,850)	(434,892)
Total Other Financing Sources	<u>1,850,000</u>	<u>2,201,006</u>	<u>351,006</u>	<u>1,399,238</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>3,223,650</u>	<u>\$ 3,223,650</u>	<u>(45,116)</u>
FUND BALANCE - Beginning of Year		<u>1,850,273</u>		<u>1,895,389</u>
FUND BALANCE - END OF YEAR		<u>\$ 5,073,923</u>		<u>\$ 1,850,273</u>

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

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, 2016 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Real estate	\$ 3,500,000	\$ 3,030,215	\$ (469,785)	\$ 3,805,749
Interest earned	15,000	17,196	2,196	12,389
Miscellaneous	-	-	-	28,119
Total Revenues	<u>3,515,000</u>	<u>3,047,411</u>	<u>(467,589)</u>	<u>3,846,257</u>
EXPENDITURES				
Current				
Community development	160,000	522,353	(362,353)	3,705
Professional services	56,300	62,513	(6,213)	14,783
Capital Outlay	800,000	-	800,000	-
Contingency	50,000	-	50,000	-
Debt Service				
Principal retirement	1,605,000	13,275,000	(11,670,000)	975,000
Interest and other	1,455,845	1,374,277	81,568	688,771
Miscellaneous	-	2,804	(2,804)	-
Total Expenditures	<u>4,127,145</u>	<u>15,236,947</u>	<u>(11,109,802)</u>	<u>1,682,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(612,145)</u>	<u>(12,189,536)</u>	<u>(11,577,391)</u>	<u>2,163,998</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(805,108)	(805,108)	(733,663)
General obligation bond proceeds	-	13,625,000	13,625,000	-
Premium on debt issued	-	1,306,102	1,306,102	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>14,125,994</u>	<u>14,125,994</u>	<u>(733,663)</u>
Net Change in Fund Balance	<u>\$ (612,145)</u>	1,936,458	<u>\$ 2,548,603</u>	1,430,335
FUND BALANCE - Beginning of Year		<u>1,995,842</u>		<u>565,507</u>
FUND BALANCE - END OF YEAR		<u>\$ 3,932,300</u>		<u>\$ 1,995,842</u>

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 Two Fiscal Years

	<u>2015</u>	<u>2016</u>
Total pension liability		
Service cost	\$ 243,379	\$ 174,332
Interest	346,789	343,140
Differences between expected and actual experience	(518,848)	(7,698)
Changes of assumptions	101,857	-
Benefit payments, including refunds of member contributions	<u>(209,819)</u>	<u>(164,800)</u>
Net change in total pension liability	(36,642)	344,974
Total pension liability - beginning	<u>4,607,077</u>	<u>4,570,435</u>
Total pension liability - ending (a)	<u><u>\$ 4,570,435</u></u>	<u><u>\$ 4,915,409</u></u>
Plan fiduciary net position		
Employer contributions	\$ 151,666	\$ 131,521
Employee contributions	91,981	75,298
Net investment income	313,384	27,105
Benefit payments, including refunds of member contributions	(209,819)	(164,800)
Other (net transfer)	<u>(67,695)</u>	<u>(325,311)</u>
Net change in plan fiduciary net position	279,517	(256,187)
Plan fiduciary net position - beginning	<u>5,120,536</u>	<u>5,400,053</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,400,053</u></u>	<u><u>\$ 5,143,866</u></u>
Employer's net pension liability - ending (a) - (b)	<u><u>\$ (829,618)</u></u>	<u><u>\$ (228,457)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	118.15%	104.65%
Covered-employee payroll	\$ 1,575,567	\$ 1,673,290
Employer's net pension liability as a percentage of covered-employee payroll	-52.66%	-13.65%

Notes to Schedule:

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

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

VILLAGE OF McCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Two Fiscal Years

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 116,907	\$ 131,521
Contributions in relation to the actuarially determined contribution	<u>(151,666)</u>	<u>(131,521)</u>
Contribution deficiency (excess)	<u>\$ (34,759)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,575,567	\$ 1,673,290
Contributions as a percentage of covered-employee payroll	9.63%	7.86%

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	28 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% 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-2000 CHBCA

Other information:

There were no benefit changes during the year.

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS Two Most Recent Fiscal Years

	<u>2015</u>	<u>2016</u>
Total pension liability		
Interest	\$ 10,333	\$ 10,619
Differences between expected and actual experience	1,036	1,796
Changes of assumptions	10,462	(145)
Benefit payments, including refunds of member contributions	<u>(11,484)</u>	<u>(12,159)</u>
Net change in total pension liability	10,347	111
Total pension liability - beginning	<u>149,861</u>	<u>160,208</u>
Total pension liability - ending (a)	<u><u>\$ 160,208</u></u>	<u><u>\$ 160,319</u></u>
Plan fiduciary net position		
Employer contributions	\$ -	\$ 3,916
Employee contributions	-	-
Net investment income	6,984	564
Benefit payments, including refunds of member contributions	(11,484)	(12,159)
Other (net transfer)	<u>1,129</u>	<u>9,589</u>
Net change in plan fiduciary net position	(3,371)	1,910
Plan fiduciary net position - beginning	<u>120,240</u>	<u>116,869</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 116,869</u></u>	<u><u>\$ 118,779</u></u>
Employer's net pension liability - ending (a) - (b)	<u><u>\$ 43,339</u></u>	<u><u>\$ 41,540</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.95%	74.09%
Covered-employee payroll	\$ -	\$ -
Employer's net pension liability as a percentage of covered-employee payroll	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 Most Recent Fiscal Year

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ -	\$ 3,916
Contributions in relation to the actuarially determined contribution	-	(3,916)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	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	29 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% 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-2000 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 Three Fiscal Years

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Actuarially determined contribution	\$ 192,225	\$ 220,523	\$ 235,869	\$ 443,733
Contributions in relation to the actuarially determined contribution	180,000	-	250,000	-
Contribution deficiency (excess)	<u>\$ 12,225</u>	<u>\$ 220,523</u>	<u>\$ (14,131)</u>	<u>\$ 443,733</u>
Covered-employee payroll	\$ 959,358	\$ 1,175,382	\$ 1,175,382	\$ 1,195,374
Contributions as a percentage of covered-employee payroll	18.76%	0.00%	21.27%	0.00%

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 June 30 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	4.34%
Salary increases	2.75%
Investment rate of return	5.41%
Retirement age	50-70
Mortality	RP-2014 CHBCA

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 443,733	\$ 443,733	\$ 429,052	\$ 571,229	\$ 684,532	\$ 844,890
260,000	340,000	420,000	635,000	635,000	800,000
<u>\$ 183,733</u>	<u>\$ 103,733</u>	<u>\$ 9,052</u>	<u>\$ (63,771)</u>	<u>\$ 49,532</u>	<u>\$ 44,890</u>
\$ 1,195,374	\$ 1,286,601	\$ 1,286,601	\$ 1,404,521	\$ 1,528,003	\$ 1,528,003
21.75%	26.43%	32.64%	45.21%	41.56%	52.36%

VILLAGE OF MCCOOK
FIREFIGHTERS' PENSION FUND

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service cost	\$ 19,358	\$ 19,358	\$ 83,294
Interest	51,242	51,242	103,404
Differences between expected and actual experience	55,973	(7,820)	-
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)
Total pension liability - beginning	732,029	1,554,486	1,507,534
Total pension liability - ending (a)	<u>\$ 1,554,486</u>	<u>\$ 1,507,534</u>	<u>\$ 1,451,381</u>
Plan fiduciary net position			
Employer contributions	\$ 80,000	\$ 90,000	\$ 90,000
Employee contributions	9,578	9,866	10,157
Net investment income	651	555	(7,509)
Administration	(4,606)	(4,963)	(6,595)
Net change in plan fiduciary net position	85,623	95,458	86,053
Plan fiduciary net position - beginning	438,641	524,264	619,722
Plan fiduciary net position - ending (b)	<u>\$ 524,264</u>	<u>\$ 619,722</u>	<u>\$ 705,775</u>
Village's net pension liability - ending (a) - (b)	<u>\$ 1,030,222</u>	<u>\$ 887,812</u>	<u>\$ 745,606</u>
Plan fiduciary net position as a percentage of the total pension liability	33.73%	41.11%	48.63%
Covered-employee payroll	\$ 101,299	\$ 104,500	\$ 104,500
Village's net pension liability as a percentage of covered-employee payroll	1017.01%	849.58%	713.50%

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Actuarially determined contribution	\$ 31,635	\$ 35,586	\$ 39,075	\$ 42,313
Contributions in relation to the actuarially determined contribution	35,000	-	85,000	-
Contribution deficiency (excess)	<u>\$ (3,365)</u>	<u>\$ 35,586</u>	<u>\$ (45,925)</u>	<u>\$ 42,313</u>
Covered-employee payroll	\$ 74,970	\$ 82,500	\$ 82,500	\$ 90,596
Contributions as a percentage of covered-employee payroll	46.69%	0.00%	103.03%	0.00%

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 June 30 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	4.34%
Salary increases	2.75%
Investment rate of return	-1.12%
Retirement age	50-70
Mortality	RP-2014 CHBCA

2011	2012	2013	2014	2015	2016
\$ 42,312	\$ 42,312	\$ 44,408	\$ 45,213	\$ 63,530	\$ 108,940
20,000	50,000	50,000	80,000	90,000	90,000
<u>\$ 22,312</u>	<u>\$ (7,688)</u>	<u>\$ (5,592)</u>	<u>\$ (34,787)</u>	<u>\$ (26,470)</u>	<u>\$ 18,940</u>
\$ 90,596	\$ 90,049	\$ 90,049	\$ 101,299	\$ 104,500	\$ 104,500
22.08%	55.53%	55.53%	78.97%	86.12%	86.12%

VILLAGE OF MCCOOK

RETIREES' HEALTH PLAN SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2016

<u>Fiscal Year End Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2016	\$ 839,797	40.09%	\$ 5,388,875
12/31/2015	919,595	29.95%	4,885,718
12/31/2014	919,595	29.95%	4,241,513

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2016	\$ -	\$11,484,076	\$11,484,076	0.00%	\$ N/A	294.53%
12/31/2013	-	10,483,987	40,483,987	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%

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

VILLAGE OF MCCOOK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2016

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, 2016

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	IDECO Grant
ASSETS					
Cash	\$ 25,627	\$ 129,788	\$ 100,624	\$ 31,231	\$ 80,159
Receivables (net)					
Real estate taxes	-	-	244,610	411,600	-
Due from other funds	1,459	-	-	-	-
TOTAL ASSETS	<u>\$ 27,086</u>	<u>\$ 129,788</u>	<u>\$ 345,234</u>	<u>\$ 442,831</u>	<u>\$ 80,159</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 61,321
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,321</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	244,610	411,600	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>244,610</u>	<u>411,600</u>	<u>-</u>
Fund Balances					
Restricted for highways and streets	27,086	-	-	-	-
Restricted for community development	-	-	100,624	-	18,838
Restricted for public safety	-	129,788	-	-	-
Restricted for debt service	-	-	-	31,231	-
Total Fund Balances	<u>27,086</u>	<u>129,788</u>	<u>100,624</u>	<u>31,231</u>	<u>18,838</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 27,086</u>	<u>\$ 129,788</u>	<u>\$ 345,234</u>	<u>\$ 442,831</u>	<u>\$ 80,159</u>

<u>Riverside TIF</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 436,574	\$ 804,003
939,872	1,596,082
-	1,459
<u>\$ 1,376,446</u>	<u>\$ 2,401,544</u>

<u>\$ -</u>	<u>\$ 61,321</u>
<u>-</u>	<u>61,321</u>

<u>939,872</u>	<u>1,596,082</u>
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<u>939,872</u>	<u>1,596,082</u>
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-	27,086
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436,574	556,036
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-	129,788
---	---------

<u>-</u>	<u>31,231</u>
<u>436,574</u>	<u>744,141</u>

<u>\$ 1,376,446</u>	<u>\$ 2,401,544</u>
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VILLAGE OF MCCOOK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	IDECO Grant
REVENUES					
Real estate taxes	\$ -	\$ -	\$ 249,602	\$ 450,173	\$ -
Motor fuel tax	5,779	-	-	-	-
Fees collected	-	43,807	-	-	-
Interest	5	-	-	-	28
Miscellaneous	1,103	-	-	-	-
Total Revenues	<u>6,887</u>	<u>43,807</u>	<u>249,602</u>	<u>450,173</u>	<u>28</u>
EXPENDITURES					
Current					
Community development	-	-	5,637	-	-
Maintenance and service	-	106	-	-	-
Debt Service					
Interest and other	-	-	23,900	123,659	-
Principal retirement	-	-	152,000	2,505,000	-
Total Expenditures	<u>-</u>	<u>106</u>	<u>181,537</u>	<u>2,628,659</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>6,887</u>	<u>43,701</u>	<u>68,065</u>	<u>(2,178,486)</u>	<u>28</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(17,716)	(787,261)	-
General obligation bonds issued	-	-	-	2,180,000	-
Premium on debt issued	-	-	-	102,920	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(17,716)</u>	<u>1,495,659</u>	<u>-</u>
Net Change in Fund Balances	6,887	43,701	50,349	(682,827)	28
FUND BALANCES - Beginning of Year	<u>20,199</u>	<u>86,087</u>	<u>50,275</u>	<u>714,058</u>	<u>18,810</u>
FUND BALANCES - END OF YEAR	<u>\$ 27,086</u>	<u>\$ 129,788</u>	<u>\$ 100,624</u>	<u>\$ 31,231</u>	<u>\$ 18,838</u>

<u>Riverside TIF</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 959,053	\$ 1,658,828
-	5,779
-	43,807
314	347
-	1,103
<u>959,367</u>	<u>1,709,864</u>
 1,474,783	 1,480,420
-	106
-	147,559
-	2,657,000
<u>1,474,783</u>	<u>4,285,085</u>
 <u>(515,416)</u>	 <u>(2,575,221)</u>
 (22,000)	 (826,977)
-	2,180,000
-	102,920
<u>(22,000)</u>	<u>1,455,943</u>
 (537,416)	 (1,119,278)
<u>973,990</u>	<u>1,863,419</u>
 <u>\$ 436,574</u>	 <u>\$ 744,141</u>

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, 2016 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
INTERGOVERNMENTAL				
Motor fuel tax allotments	\$ 6,000	\$ 5,779	\$ (221)	\$ 5,634
Interest	10	5	(5)	10
Miscellaneous	-	1,103	1,103	-
Total Revenues	<u>6,010</u>	<u>6,887</u>	<u>877</u>	<u>5,644</u>
EXPENDITURES				
CURRENT				
Road construction	50,000	-	50,000	-
Contingency	10,000	-	10,000	-
Buildings and grounds	-	-	-	21,475
Total Expenditures	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>21,475</u>
Net Change in Fund Balance	<u>\$ (53,990)</u>	6,887	<u>\$ 60,877</u>	(15,831)
FUND BALANCE - Beginning of Year		<u>20,199</u>		<u>36,030</u>
FUND BALANCE - END OF YEAR		<u>\$ 27,086</u>		<u>\$ 20,199</u>

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Fees collected	\$ 35,000	\$ 43,807	\$ 8,807	\$ 44,896
Total Revenues	<u>35,000</u>	<u>43,807</u>	<u>8,807</u>	<u>44,896</u>
EXPENDITURES				
CURRENT				
Maintenance and service	<u>10,000</u>	<u>106</u>	<u>9,894</u>	<u>6,157</u>
Total Expenditures	<u>10,000</u>	<u>106</u>	<u>9,894</u>	<u>6,157</u>
Net Change in Fund Balance	<u>\$ 25,000</u>	43,701	<u>\$ 18,701</u>	38,739
FUND BALANCE - Beginning of Year		<u>86,087</u>		<u>47,348</u>
FUND BALANCE - END OF YEAR		<u>\$ 129,788</u>		<u>\$ 86,087</u>

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, 2016 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Real estate	\$ 275,000	\$ 249,602	\$ (25,398)	\$ 228,623
Total Revenues	<u>275,000</u>	<u>249,602</u>	<u>(25,398)</u>	<u>228,623</u>
EXPENDITURES				
CURRENT				
Community development	40,000	-	40,000	-
Professional services	18,800	5,637	13,163	4,781
Debt Service				
Principal retirement	152,000	152,000	-	144,000
Interest and other	<u>32,000</u>	<u>23,900</u>	<u>8,100</u>	<u>22,128</u>
Total Expenditures	<u>242,800</u>	<u>181,537</u>	<u>61,263</u>	<u>170,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,200</u>	<u>68,065</u>	<u>35,865</u>	<u>57,714</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(17,716)	(17,716)	(16,105)
Total Other Financing Sources (Uses)	-	(17,716)	(17,716)	(16,105)
Net Change in Fund Balance	<u>\$ 32,200</u>	50,349	<u>\$ 18,149</u>	41,609
FUND BALANCE - Beginning of Year		<u>50,275</u>		<u>8,666</u>
FUND BALANCE - END OF YEAR		<u>\$ 100,624</u>		<u>\$ 50,275</u>

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND FOR THE YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Real estate	\$ 400,000	\$ 450,173	\$ 50,173	\$ 864,844
Total Revenues	<u>400,000</u>	<u>450,173</u>	<u>50,173</u>	<u>864,844</u>
EXPENDITURES				
Debt Service				
Principal retirement	260,000	2,505,000	(2,245,000)	250,000
Interest and other	120,000	123,659	(3,659)	102,431
Bank fees	<u>300</u>	<u>-</u>	<u>300</u>	<u>-</u>
Total Expenditures	<u>380,300</u>	<u>2,628,659</u>	<u>(2,248,359)</u>	<u>352,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,700</u>	<u>(2,178,486)</u>	<u>(2,198,186)</u>	<u>512,413</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(787,261)	(787,261)	-
General obligation bonds issued	-	2,180,000	2,180,000	-
Premium on general obligation bonds issued	<u>-</u>	<u>102,920</u>	<u>102,920</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,495,659</u>	<u>1,495,659</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 19,700</u>	<u>(682,827)</u>	<u>\$ (702,527)</u>	<u>512,413</u>
FUND BALANCE - Beginning of Year		<u>714,058</u>		<u>201,645</u>
FUND BALANCE - END OF YEAR		<u>\$ 31,231</u>		<u>\$ 714,058</u>

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, 2016 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
State grants	\$ 170,000	\$ -	\$ (170,000)	\$ 105,408
Interest earned	-	28	28	35
Total Revenues	<u>170,000</u>	<u>28</u>	<u>(169,972)</u>	<u>105,443</u>
EXPENDITURES				
CURRENT				
Repairs and maintenance	<u>170,000</u>	-	<u>170,000</u>	<u>109,665</u>
Total Expenditures	<u>170,000</u>	-	<u>170,000</u>	<u>109,665</u>
Net Change in Fund Balance	<u>\$ -</u>	28	<u>\$ 28</u>	(4,222)
FUND BALANCE - Beginning of Year		<u>18,810</u>		<u>23,032</u>
FUND BALANCE - END OF YEAR		<u>\$ 18,838</u>		<u>\$ 18,810</u>

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, 2016 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Real estate	\$ 500,000	\$ 959,053	\$ 459,053	\$ 1,000,190
Interest earned	-	314	314	75
Total Revenues	<u>500,000</u>	<u>959,367</u>	<u>459,367</u>	<u>1,000,265</u>
EXPENDITURES				
CURRENT				
Community development	1,320,000	1,469,423	(149,423)	-
Professional services	<u>15,200</u>	<u>5,360</u>	<u>9,840</u>	<u>6,275</u>
Total Expenditures	<u>1,335,200</u>	<u>1,474,783</u>	<u>(139,583)</u>	<u>6,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(835,200)</u>	<u>(515,416)</u>	<u>319,784</u>	<u>993,990</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(22,000)	(22,000)	(20,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>(20,000)</u>
Net Change in Fund Balance	<u>\$ (835,200)</u>	<u>(537,416)</u>	<u>\$ 297,784</u>	<u>973,990</u>
FUND BALANCE - Beginning of Year		<u>973,990</u>		-
FUND BALANCE - END OF YEAR		<u>\$ 436,574</u>		<u>\$ 973,990</u>

VILLAGE OF MCCOOK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2016

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 715,874	\$ 150,579	\$ 866,453
Investments - certificates of deposits with banks	-	197,833	197,833
Investments - other, at fair value	8,580,316	356,947	8,937,263
Interest receivable	<u>7,603</u>	<u>416</u>	<u>8,019</u>
Total Assets	<u>9,303,793</u>	<u>705,775</u>	<u>10,009,568</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 9,303,793</u>	<u>\$ 705,775</u>	<u>\$ 10,009,568</u>

VILLAGE OF MCCOOK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

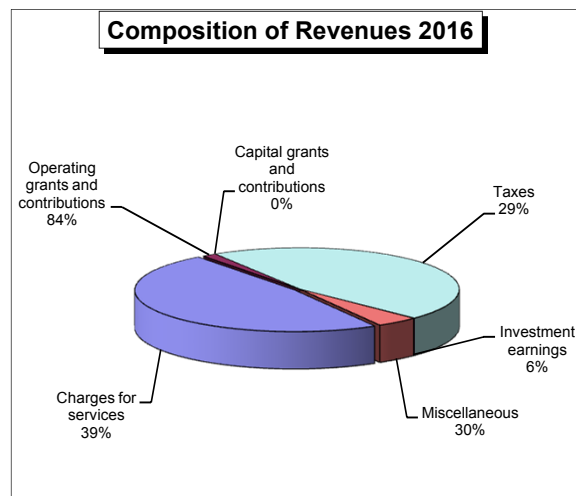
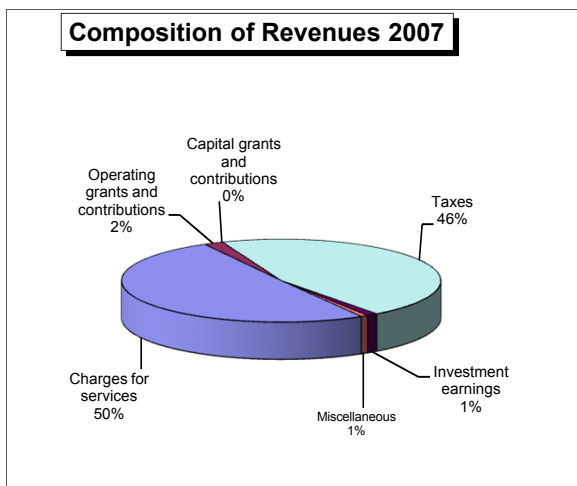
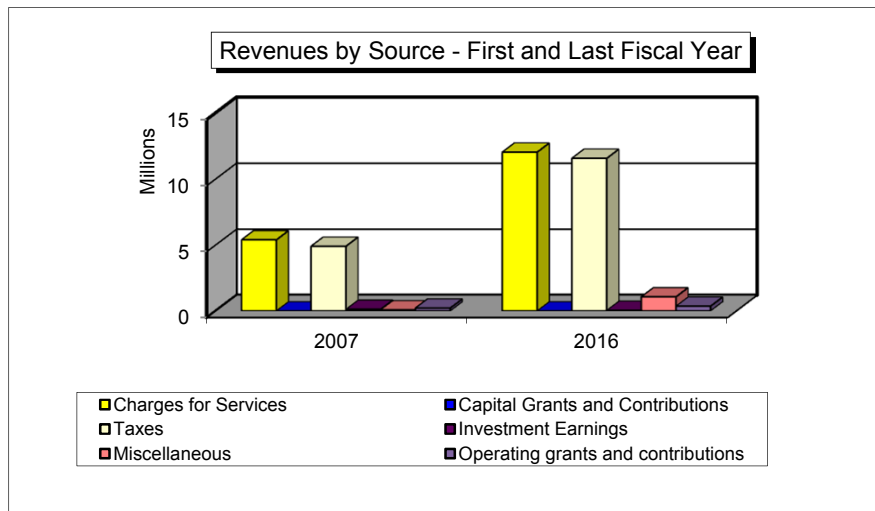
For the Year Ended December 31, 2016

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions:			
Employee contributions	\$ 149,310	\$ 10,157	\$ 159,467
Employer contributions	<u>800,000</u>	<u>90,000</u>	<u>890,000</u>
Total Contributions:	<u>949,310</u>	<u>100,157</u>	<u>1,049,467</u>
Investment income			
Bank deposits	2,418	482	2,900
Government securities	35,820	2,994	38,814
Insurance contracts	23,143	-	23,143
Net appreciation in fair value of investments	281,367	(11,189)	270,178
Mutual Funds	<u>173,268</u>	<u>2,244</u>	<u>175,512</u>
Total Investment Income	516,016	(5,469)	510,547
Less Investment management fees	<u>(42,793)</u>	<u>(2,040)</u>	<u>(44,833)</u>
Net Investment Income	<u>473,223</u>	<u>(7,509)</u>	<u>465,714</u>
Total Additions	<u>1,422,533</u>	<u>92,648</u>	<u>1,515,181</u>
DEDUCTIONS			
Payments to participants	592,639	-	592,639
Payments to beneficiaries	164,713	-	164,713
Administrative	<u>26,168</u>	<u>6,595</u>	<u>32,763</u>
Total Deductions	<u>783,520</u>	<u>6,595</u>	<u>790,115</u>
 Change in Net Position	 639,013	 86,053	 725,066
 NET POSITION - Beginning of Year	 <u>8,664,780</u>	 <u>619,722</u>	 <u>9,284,502</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 9,303,793</u></u>	 <u><u>\$ 705,775</u></u>	 <u><u>\$ 10,009,568</u></u>

VILLAGE OF McCOOK

GOVERNMENT-WIDE REVENUES BY TYPE LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Program Revenues				
Charges for services	\$ 5,392,677	\$ 5,604,956	\$ 7,943,571	\$ 8,098,786
Operating grants and contributions	211,603	135,107	447,435	486,735
Capital grants and contributions	-	-	275,000	-
Total Program Revenues	5,604,280	5,740,063	8,666,006	8,585,521
General Revenues				
Taxes	4,905,922	5,635,766	5,321,541	4,755,507
Investment earnings	118,731	144,309	73,331	55,246
Miscellaneous	79,334	85,441	132,669	41,458
Total General Revenues	5,103,987	5,865,516	5,527,541	4,852,211
Total Revenues	\$ 10,708,267	\$ 11,605,579	\$ 14,193,547	\$ 13,437,732



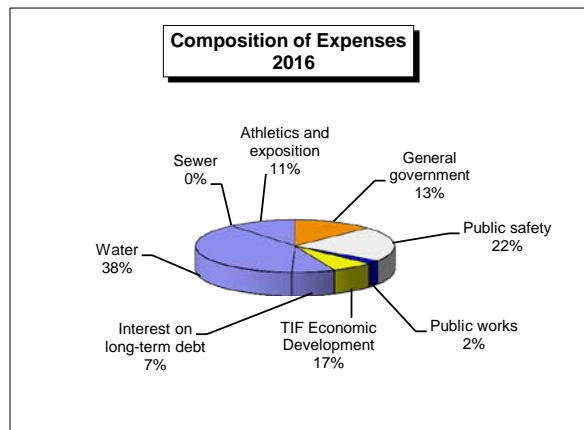
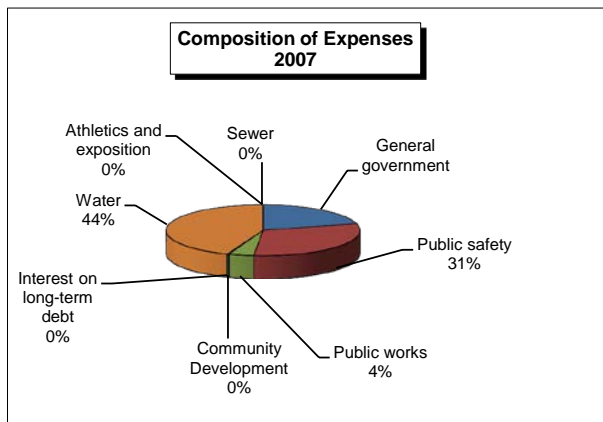
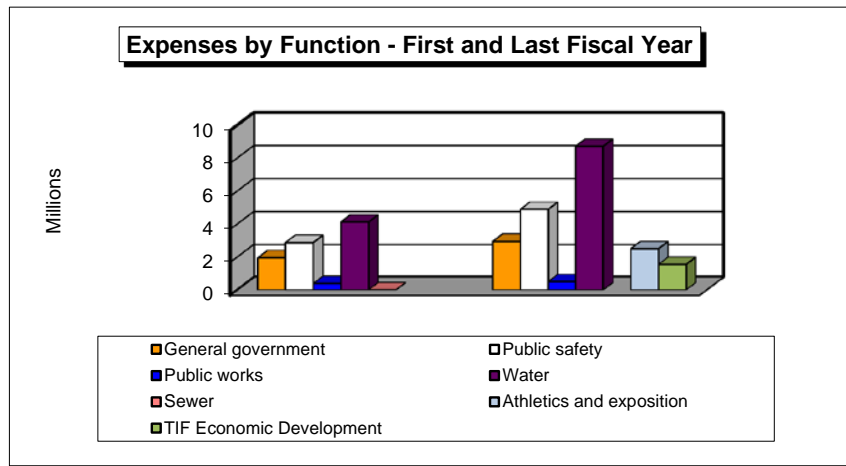
SOURCE OF INFORMATION: 2007-2016 financial statements

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 8,093,785	\$ 9,277,655	\$ 10,059,401	\$ 11,097,805	\$ 11,879,222	\$ 12,026,243
120,219	195,416	329,951	415,609	310,906	355,379
-	-	-	-	-	-
<u>8,214,004</u>	<u>9,473,071</u>	<u>10,389,352</u>	<u>11,513,414</u>	<u>12,190,128</u>	<u>12,381,622</u>
6,300,782	6,765,340	7,364,283	8,538,332	11,008,376	11,561,323
26,027	14,485	21,656	14,201	15,167	36,411
<u>2,095,339</u>	<u>112,629</u>	<u>494,985</u>	<u>193,114</u>	<u>313,659</u>	<u>1,064,208</u>
<u>8,422,148</u>	<u>6,892,454</u>	<u>7,880,924</u>	<u>8,745,647</u>	<u>11,337,202</u>	<u>12,661,942</u>
<u>\$ 16,636,152</u>	<u>\$ 16,365,525</u>	<u>\$ 18,270,276</u>	<u>\$ 20,259,061</u>	<u>\$ 23,527,330</u>	<u>\$ 25,043,564</u>

VILLAGE OF McCOOK

GOVERNMENT-WIDE EXPENSES BY FUNCTION LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Governmental Activities				
General government	\$ 1,949,506	\$ 2,235,288	\$ 2,284,217	\$ 2,421,967
Public safety	2,870,784	3,214,379	4,081,522	4,033,074
Public works	389,620	359,003	450,822	469,963
Community development	-	2,798,857	17,845,573	295,321
Interest on long-term debt	27,646	13,622	202,053	537,832
Total Governmental Activities	5,237,556	8,621,149	24,864,187	7,758,157
Business-type Activities				
Water	4,114,317	4,400,423	4,869,143	5,215,955
Sewer	1,000	2,000	2,000	2,000
Athletics and exposition	-	700,355	2,402,320	2,448,233
Total Business-type Activities	4,115,317	5,102,778	7,273,463	7,666,188
Total Expenses	\$ 9,352,873	\$ 13,723,927	\$ 32,137,650	\$ 15,424,345



SOURCE OF INFORMATION: 2007-2016 Financial Statements

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 2,595,413	\$ 2,736,055	\$ 3,070,744	\$ 2,926,594	\$ 2,782,855	\$ 2,941,363
4,228,278	4,475,399	4,662,071	4,586,882	5,268,905	4,882,341
459,993	437,550	506,983	819,142	709,709	498,191
1,746,348	92,386	538,221	114,974	29,544	1,545,961
<u>707,463</u>	<u>817,122</u>	<u>834,768</u>	<u>843,921</u>	<u>813,330</u>	<u>1,578,404</u>
<u>9,737,495</u>	<u>8,558,512</u>	<u>9,612,787</u>	<u>9,291,513</u>	<u>9,604,343</u>	<u>11,446,260</u>
5,075,570	6,202,280	6,614,338	7,211,329	8,400,241	8,710,633
4,950	2,050	2,498	2,200	-	-
<u>2,345,810</u>	<u>2,422,642</u>	<u>2,317,070</u>	<u>2,247,677</u>	<u>2,292,074</u>	<u>2,494,995</u>
<u>7,426,330</u>	<u>8,626,972</u>	<u>8,933,906</u>	<u>9,461,206</u>	<u>10,692,315</u>	<u>11,205,628</u>
<u>\$ 17,163,825</u>	<u>\$ 17,185,484</u>	<u>\$ 18,546,693</u>	<u>\$ 18,752,719</u>	<u>\$ 20,296,658</u>	<u>\$ 22,651,888</u>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS REVENUES BY SOURCE * LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Local Sources				
Taxes	\$ 11,525,501	\$ 11,039,693	\$ 8,354,216	\$ 7,364,283
Intergovernmental	355,379	310,906	415,609	329,951
Licenses, permits, and fees	514,736	522,449	850,104	747,414
Fines and police reports	204,439	163,063	233,332	196,084
Interest earned	35,803	14,734	13,314	20,478
Miscellaneous	<u>1,075,201</u>	<u>261,782</u>	<u>188,280</u>	<u>488,541</u>
 Total Local Sources	 <u>\$ 13,711,059</u>	 <u>\$ 12,312,627</u>	 <u>\$ 10,054,855</u>	 <u>\$ 9,146,751</u>

* - Includes revenues for all Governmental Fund Types.

SOURCE OF INFORMATION: 2007-2016 Annual Financial Statements.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 6,765,340	\$ 6,300,782	\$ 4,755,507	\$ 5,321,541	\$ 5,635,766	\$ 4,905,922
195,416	120,219	486,735	447,435	135,107	211,603
563,553	426,964	408,983	1,028,139	354,783	493,298
120,936	134,143	169,237	206,796	199,194	142,737
12,349	25,457	50,045	59,472	53,482	100,312
<u>108,210</u>	<u>574,001</u>	<u>35,648</u>	<u>123,100</u>	<u>85,441</u>	<u>79,334</u>
<u>\$ 7,765,804</u>	<u>\$ 7,581,566</u>	<u>\$ 5,906,155</u>	<u>\$ 7,186,483</u>	<u>\$ 6,463,773</u>	<u>\$ 5,933,206</u>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION* LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General government	\$ 3,417,553	\$ 3,007,771	\$ 3,070,914	\$ 3,188,696
Public safety	4,192,542	4,230,039	4,301,662	4,159,840
Public works	323,955	560,496	669,016	714,672
Community development	2,065,286	29,544	124,540	1,991,335
Debt service	<u>17,453,836</u>	<u>2,182,330</u>	<u>3,216,725</u>	<u>3,627,284</u>
Total	<u>\$ 27,453,172</u>	<u>\$ 10,010,180</u>	<u>\$ 11,382,857</u>	<u>\$ 13,681,827</u>

* - Includes expenditures for all Governmental Fund Types.

SOURCE OF INFORMATION: 2007-2016 Annual Financial Statements.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,680,034	\$ 2,513,789	\$ 2,288,577	\$ 2,050,426	\$ 2,076,558	\$ 1,878,769
3,907,855	3,431,815	3,060,919	3,354,146	3,013,519	2,850,256
368,058	338,908	354,740	362,143	396,883	329,921
7,339,585	1,746,348	295,321	18,270,823	2,798,857	-
<u>960,791</u>	<u>1,601,919</u>	<u>1,890,553</u>	<u>231,159</u>	<u>459,720</u>	<u>465,263</u>
<u>\$ 15,256,323</u>	<u>\$ 9,632,779</u>	<u>\$ 7,890,110</u>	<u>\$ 24,268,697</u>	<u>\$ 8,745,537</u>	<u>\$ 5,524,209</u>

VILLAGE OF McCOOK

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

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

* 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 2006 to 2015.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
2.4363	1.9782	1.7132	1.4182	1.2777	1.3554
0.0000	0.0000	0.0000	0.0000	0.1855	0.2016
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>
<u>2.4363</u>	<u>1.9782</u>	<u>1.7132</u>	<u>1.4182</u>	<u>1.4632</u>	<u>1.5570</u>
<u>\$ 2,458,736</u>	<u>\$ 2,342,417</u>	<u>\$ 2,233,000</u>	<u>\$ 2,159,150</u>	<u>\$ 2,129,000</u>	<u>\$ 2,135,694</u>
<u>\$ 2,364,169</u>	<u>\$ 2,322,374</u>	<u>\$ 2,217,164</u>	<u>\$ 2,093,498</u>	<u>\$ 2,017,989</u>	<u>\$ 2,020,210</u>
<u>96.15%</u>	<u>99.14%</u>	<u>99.29%</u>	<u>96.96%</u>	<u>94.79%</u>	<u>94.59%</u>

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*
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
2006	137,167,003	(2,141,845)	-1.54%	411,501,009

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

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports
for 2006 to 2015.

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
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
2007	2006	570,000	-	160,000

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: 2007-2016 Annual Financial Statements.

Net General Bonded Debt	Equalized Assessed Valuation	Percentage of Net General Bonded Debt to Assessed Valuation	Estimated Population	Net General Bonded Debt Per Capita
\$ -	\$ 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	-
410,000	137,167,003	0.30	249	1,647

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
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%
2007	5,524,209	465,263	8.42%

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

SOURCE OF INFORMATION: 2007-2016 Annual Financial Statements.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JUNE 16, 2008 DECEMBER 31, 2016

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	655,095	1,105,095
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	<u>\$ 15,030,000</u>	<u>\$ 2,095,000</u>	<u>\$ 12,935,000</u>	<u>\$ 5,890,005</u>	<u>\$ 18,825,005</u>

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, 2016

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	300,000	266,073	564,330
2017	590,000	-	590,000	256,505	846,505
2018	625,000	-	625,000	239,395	864,395
2019	665,000	-	665,000	221,270	886,270
2020	705,000	-	705,000	201,985	906,985
2021	745,000	-	745,000	181,540	926,540
2022	790,000	-	790,000	159,935	949,935
2023	840,000	-	840,000	137,025	977,025
2024	890,000	-	890,000	112,665	1,002,665
2025	940,000	-	940,000	86,855	1,026,855
2026	1,000,000	-	1,000,000	59,595	1,059,595
2027	1,055,000	-	1,055,000	30,595	1,085,595
Total	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ 8,845,000</u>	<u>\$ 1,687,365</u>	<u>\$ 10,532,365</u>

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, 2016

TAX INCREMENT FINANCING BONDS - JOLIET ROAD TIF 2014 SERIES

<u>Year Ended December 31</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	<u>Bonds Outstanding</u>	<u>Interest Payable</u>	<u>Total Debt Service</u>
2014	\$ 138,000	\$ 138,000	\$ -	\$ -	\$ -
2015	144,000	144,000	-	-	-
2016	152,000	152,000	-	-	-
2017	160,000	-	160,000	16,300	176,300
2018	<u>166,000</u>	<u>-</u>	<u>166,000</u>	<u>8,300</u>	<u>174,300</u>
Total	<u>\$ 760,000</u>	<u>\$ -</u>	<u>\$ 326,000</u>	<u>\$ 24,600</u>	<u>\$ 350,600</u>

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, 2016

GENERAL OBLIGATION BONDS, SERIES 2016A

<u>Year Ended December 31</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	<u>Bonds Outstanding</u>	<u>Interest Payable</u>	<u>Total Debt Service</u>
2017	\$ 325,000	\$ -	\$ 325,000	\$ 405,754	\$ 730,754
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	<u>\$ 8,830,000</u>	<u>\$ -</u>	<u>\$ 8,830,000</u>	<u>\$ 2,716,604</u>	<u>\$ 11,546,604</u>

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, 2016

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

<u>Year Ended December 31</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	<u>Bonds Outstanding</u>	<u>Interest Payable</u>	<u>Total Debt Service</u>
2017	\$ -	\$ -	\$ -	\$ 275,515	\$ 275,515
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	<u>2,075,000</u>	<u>-</u>	<u>2,075,000</u>	<u>103,750</u>	<u>2,178,750</u>
Total	<u>\$ 5,975,000</u>	<u>\$ -</u>	<u>\$ 5,975,000</u>	<u>\$ 3,271,765</u>	<u>\$ 9,246,765</u>

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, 2016

GENERAL OBLIGATION TAXABLE BONDS, SERIES 2016C

<u>Year Ended December 31</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	<u>Bonds Outstanding</u>	<u>Interest Payable</u>	<u>Total Debt Service</u>
2017	\$ -	\$ -	\$ -	\$ 29,417	\$ 29,417
2018	-	-	-	30,000	30,000
2019	-	-	-	30,000	30,000
2020	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>30,000</u>	<u>1,030,000</u>
Total	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 119,417</u>	<u>\$ 1,119,417</u>

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, 2016, and have issued our report thereon dated July 31, 2017. 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
July 31, 2017

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, 2016, and have issued our report thereon dated July 31, 2017. 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
July 31, 2017

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, 2016, and have issued our report thereon dated July 31, 2017. 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
July 31, 2017