

VILLAGE OF MELROSE PARK, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2016



Prepared by the Finance Department

VILLAGE OF MELROSE PARK, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

FINANCIAL SECTION

Independent Auditor's Report	1-2
Management's Discussion and Analysis.....	3-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	14
Reconciliation of Balance Sheet -Governmental Funds	
to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances to Statement of Activities.....	17
Proprietary Funds	
Statement of Net Position	18
Statement of Revenues, Expenses, and Changes in Net Position.....	19
Statement of Cash Flows	20
Fiduciary Funds	
Statement of Fiduciary Net Position.....	21
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	22
Notes to Financial Statements	23-82

(Continued)

VILLAGE OF MELROSE PARK, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual General Fund	83
Schedules of Changes in Village Net Pension Liability and Related Ratios and Employer Contributions	
Illinois Municipal Retirement Fund.....	84-85
Police Pension Funds	86-87
Firefighters' Pension Plan	88-89
Schedule of Funding Progress - Other Post Employment Benefit Plan.....	90
Notes to Required Supplementary Information.....	91

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

General Fund

Schedule of Revenues – Budget and Actual	92-93
Schedule of Expenditures – Budget and Actual.....	94-100

Non-major Governmental Funds

Combining Balance Sheet.....	101-102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	103-104
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Motor Fuel Tax Fund.....	105
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual E-911 Fund.....	106

Other Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Debt Service Fund.....	107
Schedule of Revenues, Expenses and Changes in Net Position-Budget and Actual Water and Sewer Fund.....	108-109

(Continued)

VILLAGE OF MELROSE PARK, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2016

CONTENTS

Pension Trust Funds

Combining Statement of Net Position.....	110
Combining Schedule of Changes in Net Position.....	111

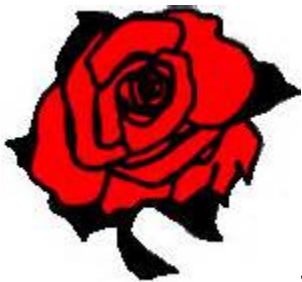
Discretely Presented Component Unit

Balance Sheet.....	112
Schedule of Revenues, Expenditures and Changes in Fund Balance.....	113

OTHER INFORMATION

Debt Service Requirements.....	114-127
--------------------------------	---------

FINANCIAL SECTION



VILLAGE OF MELROSE PARK, ILLINOIS

GW & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4415 West Harrison Street, Suite 434
Hillside, IL 60162

Phone (708) 755-8182
Fax (708) 755-8326

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Trustees
Village of Melrose Park, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Melrose Park, 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 Melrose Park, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represent 77.88 percent, 102.54 percent, and 50.68 percent, respectively, of the assets, fund balance/net position, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds, is based solely on the report of the other auditors. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Melrose Park, 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 management's discussion and analysis, budgetary comparison information, schedules of changes in Village net pension liability and related ratios, schedules of employer contributions and schedule of funding progress on pages 3–11 and 83–91 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Melrose Park, Illinois' basic financial statements. The combining and individual fund financial statements, and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other 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 them.

GW & Associates, P.C.

Hillside, Illinois

June 22, 2017

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

The management discussion and analysis of the Village of Melrose Park's (the "Village") financial performance is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify the Village's financial position and ability to address future challenges, (4) identify material deviations from budget, and (5) identify concerns specific to individual funds.

Financial Highlights

At December 31, 2016, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$128.8 million (net position) compared to liabilities and deferred inflows of resources exceeding assets and deferred outflows of resources by \$124.0 million in the prior year.

The decrease in net position from the prior year is mostly due to the increase of net OPEB obligation of \$3.4 million and a negative change in net pension liability of \$5.2 million.

The Village's governmental funds reported combined fund balance at December 31, 2016 of \$12.7 million, a decrease of \$2.5 million from the prior year. While the decrease is mainly due to the spending down of accumulated fund balances in tax increment financing funds, another factor was the Village's decision to provide an additional \$3.6 million in funding in excess of property tax receipts remitted to the pension funds. Total funding to the pensions totaled \$5.7 million.

General revenues accounted for \$43.1 million in revenue or 86% of all governmental activity revenues. Program specific revenues accounted for \$7.2 million or 14% of total governmental revenues.

The Village had \$59.8 million in expenses related to governmental activities.

Reporting the Village as a Whole

Government-wide Financial Statements

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses accounting similar to full accrual accounting used in the private sector. Interfund activity is eliminated and the cost of assets with a long service life is spread out over future years so that capital expenditures are amortized (through depreciation) when the benefits are realized.

The first government-wide statement is the Statement of Net Position that presents information about all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over a multi-year period, an increase or decrease in net position can detect an improvement or deterioration in the financial position of the Village as a whole. Additionally, one would need to evaluate non-financial factors, such as the condition of Village infrastructure, the satisfaction of constituents, and other information beyond the scope of this report to make a more complete assessment of whether the Village as a whole has improved. As prescribed in GASB 34, the Village has implemented all infrastructure into its capital assets. Infrastructure assets include roads, sidewalks traffic signals, etc. These infrastructure assets are the largest asset class of the Village.

The second government-wide statement is the Statement of Activities, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works and public welfare. Business-type activities include water and sewer utilities. Fiduciary activities, such as employee pension plans, are not available to fund Village programs and therefore are not included in the government-wide statements.

The Village's financial reporting includes the funds of the Village (primary government). The Melrose Park Public Library is included as a "component unit", and therefore, adjustments were made to blend financial information from this separate entity into this report.

The government-wide financial statements are presented on pages 12-13 of this report.

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

The following table provides a summary of the Village's changes in net position:

	STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2016 (In Millions of Dollars)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenue:						
Program revenues - charges for						
services	\$ 6.2	\$ 6.2	\$ 25.8	\$ 25.1	\$ 32.0	\$ 31.3
Operating & capital grants	0.9	3.8	-	-	0.9	3.8
General revenues						-
Property tax	19.8	18.0	-	-	19.8	18.0
Other taxes	18.1	18.5	-	-	18.1	18.5
Intergovernmental	4.0	4.1	-	-	4.0	4.1
Other general revenues	1.2	1.6	-	-	1.2	1.6
Total revenue	50.2	52.2	25.8	25.1	76.0	77.3
Expenses:						
General government	5.8	6.2	-	-	5.8	6.2
Public safety	38.2	35.2	-	-	38.2	35.2
Refuse	1.8	1.8	-	-	1.8	1.8
Highway and street	4.1	3.1	-	-	4.1	3.1
Community development	4.7	5.9	-	-	4.7	5.9
Culture and recreation	2.0	2.0	-	-	2.0	2.0
Hispanic liaison center	0.2	0.2	-	-	0.2	0.2
Interest	2.8	2.9	-	-	2.8	2.9
Water	-	-	21.1	20.1	21.1	20.1
Total expense	59.6	57.3	21.1	20.1	80.7	77.4
Change in net assets before transfers and contributions	(9.4)	(5.1)	4.7	5.0	(4.7)	(0.1)
Transfers	-	-	-	-	-	-
Change in net position	(9.4)	(5.1)	4.7	5.0	(4.7)	(0.1)
Net position- Beginning	(173.6)	(168.5)	49.5	44.5	(124.1)	(124.0)
Net position - Ending	<u>\$ (183.0)</u>	<u>\$ (173.6)</u>	<u>\$ 54.2</u>	<u>\$ 49.5</u>	<u>\$ (128.8)</u>	<u>\$ (124.1)</u>

VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

The following is a table providing a summary of the statement of net position:

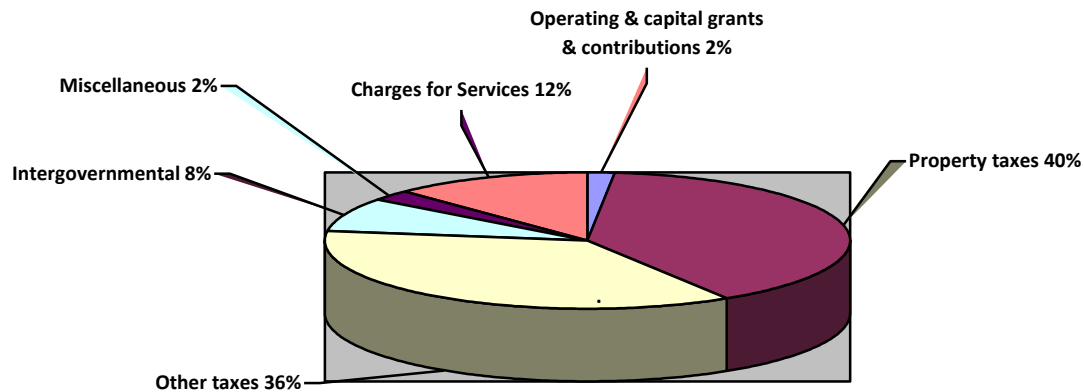
STATEMENT OF NET POSITION						
December 31, 2016						
(In Millions of Dollars)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 31.9	\$ 33.6	\$ 33.5	\$ 27.5	\$ 65.4	\$ 61.1
Capital assets	60.4	60.4	36.4	37.2	96.8	97.6
Total assets	92.3	94.0	69.9	64.7	162.2	158.7
Deferred outflows of resources	18.5	15.5	1.3	0.1	19.8	15.6
Long-term liabilities	258.8	259.2	14.0	12.7	272.8	271.9
Other liabilities	12.0	9.1	2.7	2.6	14.7	11.7
Total liabilities	270.8	268.3	16.7	15.3	287.5	283.6
Deferred Inflows of resources	23.0	14.8	0.2	-	23.2	14.8
Investment in capital assets, net	43.4	40.7	26.7	26.7	70.1	67.4
Restricted net position	8.8	8.3	4.6	4.2	13.4	12.5
Unrestricted net position	(235.2)	(222.6)	22.9	18.6	(212.3)	(204.0)
Total net position	<u>\$ (183.0)</u>	<u>\$ (173.6)</u>	<u>\$ 54.2</u>	<u>\$ 49.5</u>	<u>\$ (128.8)</u>	<u>\$ (124.1)</u>

Financial Analysis of the Government-Wide Statements

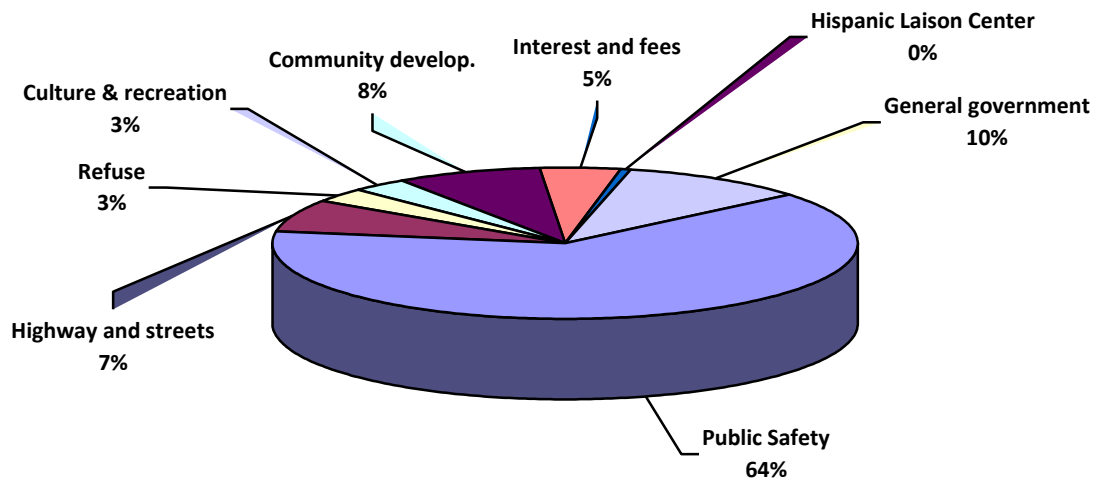
For governmental activities, total revenue decreased by \$2.0 million from the prior year. However, expenses increased by \$2.3 million with most of the increase in public safety (up \$3.0 million). With the decrease in revenue and increase in expense, the governmental activities experienced a loss of \$9.4 million.

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Governmental Revenues by Source



Government Expenses by Function



Business-type activities revenues and expenses experienced increases of \$0.7 million and \$1.0 million, respectively, compared to the prior year.

For governmental activities, current and other assets decreased by \$1.7 million from the prior year. The decrease in net position from the prior year is mostly due to increased funding of the pensions and spending down of accumulated fund balance in TIF funds.

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Reporting The Village's Most Significant Funds

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds (the General Fund and the Debt Service Fund) are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Village has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, Governmental fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

Budgetary comparison schedules are included as required supplementary information for the General Fund. Budgetary comparison schedules for other funds with adopted budgets (Motor Fuel Tax Fund, E-911 Fund, Debt Service Fund and Water and Sewer Fund) can be found in a later section of this report. These statements and schedules demonstrate compliance with the Village's budget.

The basic governmental fund financial statements are presented on pages 14-17 of this report.

Proprietary funds reported in the fund financial statements are for those services for which the Village charges customers a fee, otherwise known as enterprise funds. These funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The Village's proprietary funds present the activities and balances in the Water and Sewer Fund, which is considered to be a major fund, using the accrual basis of accounting and economic resources measurement focus.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, but with more detail for major enterprise funds.

The basic proprietary fund financial statements are presented on pages 18-20 of this report.

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

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 statements 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.

The basic fiduciary fund financial statements are presented on pages 21-22 of this report.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

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 funding progress of the Illinois Municipal Retirement Fund, Police Pension Fund, Firefighters' Pension Fund and the Retiree Health Plan as well as budget to actual comparisons of the funds.

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 92.

Financial Analysis of the Village's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statement with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$12.7 million, down \$2.5 million from the prior year total of \$15.2 million.

Major Governmental Funds

The General Corporate Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance of the General Corporate Fund decreased \$1.5 million to \$8.0 million. The Village, as it has been in the past, is proud that it has been able to maintain a strong fund balance.

The general fund revenues are down nearly \$0.3 million from the prior year with income tax and grants being the primary causes of the decrease. General fund expenditures are up approximately \$1.0 million. Increases in public safety and highway and streets costs were the primary cause of the increase. Additionally, the Village has shown a commitment to funding pensions during the fiscal year by distributing an additional \$3.6 million, combined, to the fire and police pension funds in excess of dedicated property tax collections.

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Actual revenue exceeded budgeted revenue by \$9.6 million. This was primarily a result of property taxes exceeding budget by about \$3.6 million and sales taxes exceeding budget by about \$3.2 million, licenses, permits and fees exceeding budget by \$0.9 million and charges for services exceeding budget by \$0.8 million. The Village has taken this as a continued sign of an improving local economy and the Village's committed effort in maintaining a strong local business community.

Actual expenditures were also over budget by \$8.3 million. Public safety expenditures were \$5.8 million over budget and community development added spending in the amount of \$2.7 million in excess of budget.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term financial status information.

Major Proprietary Funds

The Water and Sewer Fund is the only proprietary fund of the Village. Net income of the fund was \$5.2 million. Actual revenues of the Water and Sewer Fund exceeded budget by \$4.1 million. Operating expenses also exceeded budget by over \$6.1 million.

Capital assets

By the end of 2016, the Village has compiled a total investment of \$136.2 million (\$96.8 million net of accumulated depreciation) in a broad range of capital assets including police and fire equipment, buildings, Village facilities, water facilities, roads, streets, and sewer lines. Total investment in capital assets increased by \$1.5 million, which was mostly due to the addition of the vehicles (\$648K), various equipment (\$14k), land (\$298k), and building improvements (\$377k). Total depreciation expense for the year was \$2.4 million. More detailed information about capital assets can be found in note 3 of the basic financial statements.

Capital Assets

(in millions of dollars)

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
Land	\$ 27.2	\$ 26.9	1.1%	\$ 0.7	\$ 0.7	0.0%	\$ 27.9	\$ 27.6	1.1%
Construction in progress	0.3	0.1	200.0%	-	-	0.0%	0.3	0.1	200.0%
Buildings	13.8	14.2	-2.8%	0.8	0.8	0.0%	14.6	15.0	-2.7%
Improvements other than buildings	2.1	1.7	23.5%	-	-	0.0%	2.1	1.7	23.5%
Vehicles	2.3	2.1	9.5%	0.1	0.2	-50.0%	2.4	2.3	4.3%
Machinery	1.7	2.0	-15.0%	0.2	0.2	0.0%	1.9	2.2	-13.6%
Infrastructure	13.0	13.4	-3.0%	34.6	35.3	-2.0%	47.6	48.7	-2.3%
Total	\$ 60.4	\$ 60.4	0.0%	\$ 36.4	\$ 37.2	-2.3%	\$ 96.8	\$ 97.6	-0.8%

**VILLAGE OF MELROSE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Long-term debt

At the end of 2016, the Village of Melrose Park had total long-term debt of \$280.5 million. The debt administration discussion covers six main types of debt reported by the Village's financial statements: bonds payable, interest payable on capital appreciation bonds, loans payable, line of credit, capital leases, and net pension liability. Bonds and Loans payable decreased due to the payment of scheduled principal maturities during the year. The other significant changes in long term debt were the increases in the net pension liability and net OPEB obligation. More detailed information about long-term debt can be found in Note 3 of the basic financial statements.

Long-Term debt

(in millions of dollars)

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
Bonds Payable	\$ 49.5	\$ 55.1	-10.2%	\$ 6.7	\$ 6.7	0.0%	\$ 56.2	\$ 61.8	-9.1%
Loan payable	6.2	6.0	3.3%	3.1	3.9	-20.5%	9.3	9.9	-6.1%
Net Pension Liability	195.7	191.9	2.0%	1.4	-	0.0%	197.1	191.9	2.7%
OPEB	14.2	11.0	29.1%	3.7	2.9	27.6%	17.9	13.9	28.8%
Total	\$ 265.6	\$ 264.0	0.6%	\$ 14.9	\$ 13.5	10.3%	\$ 280.5	\$ 277.5	1.1%

Factors Bearing on the Village's Future

The Village 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 advantages of several incentive packages to industry that help keep it competitive as compared to other industrial locations. Also, the Village has approved a number of tax increment financing districts within the Village's boundaries. Other factors bearing on the Village's future are real estate tax objections/refunds, increases in water rates charges and inflation.

Contacting the Village's Financial Management

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 or would like to request additional information contact the Business Officer, Louis Panico III, Village of Melrose Park, 1000 North 25th Avenue, Melrose Park, IL 60160.

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Public Library
Assets				
Cash and investments	\$ 37,663,046	\$ 235,007	\$ 37,898,053	\$ -
Receivables (net of allowances for uncollectibles)				
Property taxes	13,589,640	-	13,589,640	986,762
Intergovernmental	4,504,155	-	4,504,155	-
Utility taxes	217,048	-	217,048	-
Water and sewer	-	3,414,911	3,414,911	-
Restricted cash and investments for debt service	-	4,604,031	4,604,031	-
Internal balances	(25,030,998)	25,030,998	-	-
Prepaid expenses	586,674	177,703	764,377	8,740
Due from component unit	344,907	-	344,907	-
Capital assets not being depreciated				
Land	27,184,963	711,826	27,896,789	333,332
Construction in progress	291,523	-	291,523	-
Capital assets net of accumulated depreciation				
Buildings and improvements	15,909,645	835,528	16,745,173	94,290
Vehicles and equipment	4,005,936	271,200	4,277,136	46,612
Infrastructure	13,060,234	34,545,620	47,605,854	-
Total assets	<u>92,326,773</u>	<u>69,826,824</u>	<u>162,153,597</u>	<u>1,469,736</u>
Deferred Outflows of Resources				
Loss on debt refunding	304,627	78,822	383,449	-
Deferred outflows related to pensions	<u>18,237,531</u>	<u>1,202,717</u>	<u>19,440,248</u>	-
Total deferred outflows of resources	<u>18,542,158</u>	<u>1,281,539</u>	<u>19,823,697</u>	-
Liabilities				
Accounts payable	2,553,654	1,425,388	3,979,042	27,056
Cash overdraft	-	-	-	400,415
Accrued payroll	834,602	-	834,602	-
Insurance claims payable	1,208,217	157,123	1,365,340	43,337
Payroll liabilities	135	-	135	-
Deposits payable	-	4,557	4,557	-
Accrued interest payable	65,763	177,769	243,532	-
Other liabilities	545,648	-	545,648	-
Due to primary government	-	-	-	344,907
Noncurrent liabilities				
Due within one year	6,775,000	854,833	7,629,833	-
Due in more than one year	<u>258,741,944</u>	<u>14,087,012</u>	<u>272,828,956</u>	-
Total liabilities	<u>270,724,963</u>	<u>16,706,682</u>	<u>287,431,645</u>	<u>815,715</u>
Deferred Inflows of Resources				
Unearned revenues	13,576,245	-	13,576,245	985,700
Deferred inflows related to pensions	<u>9,526,118</u>	<u>172,538</u>	<u>9,698,656</u>	-
Total deferred inflows of resources	<u>23,102,363</u>	<u>172,538</u>	<u>23,274,901</u>	<u>985,700</u>
Net Position				
Net investment in capital assets	43,390,558	26,697,294	70,087,852	474,234
Restricted for				
Debt service	5,216,343	4,604,031	9,820,374	-
Community development	3,574,331	-	3,574,331	-
Unrestricted	<u>(235,139,627)</u>	<u>22,927,818</u>	<u>(212,211,810)</u>	<u>(805,913)</u>
Total net position	<u>\$ (182,958,395)</u>	<u>\$ 54,229,143</u>	<u>\$ (128,729,252)</u>	<u>\$ (331,679)</u>

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 5,801,865	\$ 2,708,807	\$ -	\$ 88,985	\$ (3,004,073)	\$ -	\$ (3,004,073)	\$ -
Public safety	38,220,279	3,045,044	75,656	-	(35,099,579)	-	(35,099,579)	-
Highway and streets	4,145,489	37,499	776,837	-	(3,331,153)	-	(3,331,153)	-
Refuse	1,841,154	-	-	-	(1,841,154)	-	(1,841,154)	-
Culture and recreation	1,971,947	435,810	-	-	(1,536,137)	-	(1,536,137)	-
Hispanic liaison center	241,216	-	-	-	(241,216)	-	(241,216)	-
Community development	4,687,050	-	-	-	(4,687,050)	-	(4,687,050)	-
Interest and fees	2,850,628	-	-	-	(2,850,628)	-	(2,850,628)	-
Total government activities	59,759,628	6,227,160	852,493	88,985	(52,590,990)	-	(52,590,990)	-
Business-Type Activities								
Water and sewer	21,094,421	25,832,530	-	-	-	4,738,109	4,738,109	-
Total business-type activities	21,094,421	25,832,530	-	-	-	4,738,109	4,738,109	-
Total primary government	\$ 80,854,049	\$ 32,059,690	\$ 852,493	\$ 88,985	(52,590,990)	4,738,109	(47,852,881)	-
Component Unit - Public Library								
	\$ 1,046,971	\$ -	\$ 19,588	\$ -				(1,027,383)
General Revenues and Transfers								
Property taxes					19,804,891	-	19,804,891	975,470
Other taxes								
Sales taxes					14,717,964	-	14,717,964	-
Telecommunication taxes					653,485	-	653,485	-
Utility taxes					2,222,110	-	2,222,110	-
Amusement taxes					506,612	-	506,612	-
Intergovernmental								
State income tax					2,473,609	-	2,473,609	-
Gaming revenues					271,805	-	271,805	-
Personal property replacement tax					1,255,865	-	1,255,865	-
Investment income					38,936	78	39,014	-
Miscellaneous					1,178,237	-	1,178,237	13,404
Transfers					(15,285)	15,285	-	-
Total general revenues and transfers					43,108,229	15,363	43,123,592	988,874
Change in Net Position					(9,482,761)	4,753,472	(4,729,289)	(38,509)
Net Position - Beginning					(173,475,634)	49,475,671	(123,999,963)	(293,170)
Net Position - Ending					\$ (182,958,395)	\$ 54,229,143	\$ (128,729,252)	\$ (331,679)

See accompanying notes to financial statements

VILLAGE OF MELROSE PARK, ILLINOIS
BALANCE SHEET- GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Major Funds		Nonmajor	Total
	General	Debt	Governmental	Governmental
	Fund	Service	Funds	Funds
Assets				
Cash and investments	\$ 23,906,039	\$ 5,214,090	\$ 8,542,917	\$ 37,663,046
Receivables (net of allowances for uncollectibles)				
Property taxes	11,882,209	1,707,431	-	13,589,640
Intergovernmental	4,443,873	-	60,282	4,504,155
Utility taxes	217,048	-	-	217,048
Prepaid Expenses	523,407	-	63,267	586,674
Due from component unit	344,907	-	-	344,907
Due from other funds	10,617,723	-	1,497,493	12,115,216
Total assets	<u>\$ 51,935,206</u>	<u>\$ 6,921,521</u>	<u>\$ 10,163,959</u>	<u>\$ 69,020,686</u>
Liabilities				
Accounts payable	\$ 2,491,986	\$ -	\$ 61,668	\$ 2,553,654
Accrued payroll	834,602	-	-	834,602
Payroll liabilities	135	-	-	135
Insurance claims payable	175,317	-	-	175,317
Due to other funds	26,106,951	-	11,039,263	37,146,214
Other liabilities	472,121	-	73,527	545,648
Total liabilities	<u>30,081,112</u>	<u>-</u>	<u>11,174,458</u>	<u>41,255,570</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>13,365,404</u>	<u>1,705,180</u>	<u>-</u>	<u>15,070,584</u>
Total deferred inflows of resources	<u>13,365,404</u>	<u>1,705,180</u>	<u>-</u>	<u>15,070,584</u>
Fund Balances				
Nonspendable	523,407	-	63,267	586,674
Restricted	-	5,216,341	3,621,189	8,837,530
Unassigned	7,965,283	-	(4,694,955)	3,270,328
Total fund balances	<u>8,488,690</u>	<u>5,216,341</u>	<u>(1,010,499)</u>	<u>12,694,532</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,935,206</u>	<u>\$ 6,921,521</u>	<u>\$ 10,163,959</u>	<u>\$ 69,020,686</u>

**VILLAGE OF MELROSE PARK, ILLINOIS
RECONCILIATION OF BALANCE SHEET- GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total fund balances - governmental funds \$ 12,694,532

Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Village as a whole.

Cost of capital assets	84,202,453	
Depreciation expense to date	<u>(23,750,152)</u>	
		60,452,301

Workers compensation insurance claims that are not expected to be paid within the year are not included in the governmental balance sheet.	(1,032,900)
--	-------------

Revenue that is deferred in the fund financial statements because it is not available is recognized as revenue in the government-wide financial statements.	1,494,339
---	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds - interest payable.	(65,763)
--	----------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds	8,711,413
--	-----------

Deferred loss on debt refunding is not included in the governmental balance sheet.	304,627
--	---------

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and, accordingly, are not reported in the Statement of Net Position.	(265,516,944)
--	---------------

Net position of governmental activities	<u><u>\$ (182,958,395)</u></u>
--	--------------------------------

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Major Funds		Nonmajor	Total
	General	Debt	Governmental	Governmental
	Fund	Service	Funds	Funds
Revenues				
Taxes				
Property	\$ 11,536,010	\$ 1,783,707	\$ 6,485,174	\$ 19,804,891
Utility	2,222,110	-	-	2,222,110
Personal property replacement	1,255,865	-	-	1,255,865
Telecommunication	669,375	-	-	669,375
Sales	14,705,113	-	-	14,705,113
State income	2,473,609	-	-	2,473,609
Gaming	271,805	-	-	271,805
Amusement	506,612	-	-	506,612
Licenses, permits and fees	1,811,157	-	-	1,811,157
Fines and forfeitures	2,461,095	-	-	2,461,095
Charges for services	1,120,689	-	834,219	1,954,908
Investment income	33,908	190	4,838	38,936
Motor fuel tax	-	-	668,700	668,700
Grants	164,641	-	108,137	272,778
Other revenue	995,882	-	182,355	1,178,237
Total revenues	<u>40,227,871</u>	<u>1,783,897</u>	<u>8,283,423</u>	<u>50,295,191</u>
Expenditures				
Current				
General government	5,311,953	-	-	5,311,953
Public safety	25,751,193	-	746,827	26,498,020
Highway and streets	3,645,375	-	606,947	4,252,322
Refuse	1,841,154	-	-	1,841,154
Culture and recreation	1,806,788	-	-	1,806,788
Hispanic liaison center	255,274	-	-	255,274
Community development	2,956,202	-	1,659,223	4,615,425
Debt service				
Principal payments	251,378	3,015,000	3,215,000	6,481,378
Interest and fiscal charges	409,277	1,236,902	778,819	2,424,998
Total expenditures	<u>42,228,594</u>	<u>4,251,902</u>	<u>7,006,816</u>	<u>53,487,312</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,000,723)</u>	<u>(2,468,005)</u>	<u>1,276,607</u>	<u>(3,192,121)</u>
Other Financing Sources (Uses)				
Bond proceeds	-	3,660,000	-	3,660,000
Bond premium	-	7,670	-	7,670
Loan proceeds	499,972	-	-	499,972
Payment to Refunded Debt Escrow Agent	-	(3,455,000)	-	(3,455,000)
Transfers in	2,206,092	4,379,718	3,798,991	10,384,801
Transfers out	(2,089,559)	(1,050,850)	(7,259,677)	(10,400,086)
Total other financing sources (uses)	<u>616,505</u>	<u>3,541,538</u>	<u>(3,460,686)</u>	<u>697,357</u>
Net Change in Fund Balances	<u>(1,384,218)</u>	<u>1,073,533</u>	<u>(2,184,079)</u>	<u>(2,494,764)</u>
Fund Balances - Beginning of Year	<u>9,872,908</u>	<u>4,142,808</u>	<u>1,173,580</u>	<u>15,189,296</u>
Fund Balances - End of Year	<u>\$ 8,488,690</u>	<u>\$ 5,216,341</u>	<u>\$ (1,010,499)</u>	<u>\$ 12,694,532</u>

See accompanying notes to financial statements

**VILLAGE OF MELROSE PARK, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Net change in fund balances - total governmental funds	\$	(2,494,764)
---	----	-------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$1,520,770 exceeded depreciation of \$1,502,196 in the current period.		18,574
Workers compensation insurance claims that are not expected to be paid within the year are not included in the governmental funds, but are included in the Statement of Activities.		(339,929)
The implicit costs of other post employment benefits which exceed contributions made by the Village are a long-term liability.		(3,191,529)
Some of the bonds issued in the prior year are accretion bonds. Accretion of the bonds during the year increases the carrying value of the bonds and will be repaid using future year resources. The current year's accretion is charged to interest expense in the Statement of Activities.		(464,335)
Premiums received and deferred charges from prior refundings, do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Amortization of deferred loss on refundings	\$ (91,928)	
Amortization of premiums	135,613	
Amortization of discounts	<u>(6,909)</u>	
		36,776
Some revenues not collected as of the year end are not considered available revenues in the governmental funds. These are the amounts that were not considered available in the current year.		(3,039)
In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources.		
Interest payable		1,929
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		9,936,378
The change in net pension liability and pension related deferred inflows and outflows are not recorded in the governmental funds, but it is recorded in the Statement of Activities and affects long-term liabilities in the Statement of Net Position.		(8,815,180)
The issuance of long-term debt is shown as an other financing source in the governmental funds but the principal outstanding is shown as a long-term liability.		(4,159,972)
The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount reflects the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		<u>(7,670)</u>
Change in net position of governmental activities	\$	<u>(9,482,761)</u>

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2016

	Water and Sewer
Assets	
Current assets	
Cash and investments	\$ 235,007
Accounts receivable (net of allowance)	3,414,911
Restricted cash and investments	4,604,031
Prepaid expenses	177,703
Due from other funds	25,030,998
Total current assets	<u>33,462,650</u>
Noncurrent assets	
Capital assets	
Capital assets not being depreciated	711,826
Depreciable buildings, property, and equipment (net of accumulated depreciation)	<u>35,652,348</u>
Total noncurrent assets	<u>36,364,174</u>
Total assets	<u>69,826,824</u>
Deferred Outflows of Resources	
Loss on debt refunding	78,822
Deferred outflows related to pensions	<u>1,202,717</u>
Total deferred outflows of resources	<u>1,281,539</u>
Total assets and deferred outflows of resources	<u>\$ 71,108,363</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 1,425,388
Insurance claims payable	157,123
Deposits payable	4,557
Accrued interest payable	<u>177,769</u>
Total current liabilities	<u>1,764,837</u>
Noncurrent liabilities	
Due within one year	854,833
Due after one year	<u>14,087,012</u>
Total noncurrent liabilities	<u>14,941,845</u>
Total liabilities	<u>16,706,682</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>172,538</u>
Total deferred inflows of resources	<u>172,538</u>
Net Position	
Net investment in capital assets	25,883,889
Restricted for	
Debt service	4,604,031
Unrestricted	<u>23,741,223</u>
Total net position	<u>54,229,143</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 71,108,363</u>

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer
Operating Revenues	
Charges for services	\$ 25,832,530
Operating Expenses	
Water transmission	13,053,009
Administration	5,468,023
Sewer	1,142,844
Water and sewer facilities	90,618
Depreciation expense	884,397
Total operating expenses	20,638,891
Operating income (loss)	5,193,639
Nonoperating Revenues (Expenses)	
Investment income	78
Amortization of bond costs and fees	(19,706)
Interest expense	(435,824)
Total nonoperating revenues (expenses)	(455,451)
Income (Loss) Before Transfers	4,738,187
Transfers	
Transfers (out)	15,285
Total transfers	15,285
Change in Net Position	4,753,472
Fund Net Position- Beginning of Year	49,475,671
Fund Net Position- End of Year	\$ 54,229,143

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 25,344,440
Payments for interfund services	(3,509,255)
Payments for goods and services	(12,986,216)
Payments to or on behalf of employees	(2,110,674)
Net cash provided (used) by operating activities	<u>6,738,295</u>
Cash Flows from Noncapital Financing Activities	
Interfund transfers in	15,285
Interfund borrowing (lending)	(5,050,860)
Net cash provided by financing activities	<u>(5,035,575)</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term liabilities	(833,111)
Interest paid on long-term liabilities	(439,398)
Net cash used by capital and related financing activities	<u>(1,272,509)</u>
Cash Flows from Investing Activities	
Interest received	78
Net cash provided by (used in) investing activities	<u>78</u>
Net Change in Cash and Cash Equivalents	<u>430,289</u>
Cash and Cash Equivalents- Beginning of Year	<u>4,408,749</u>
Cash and Cash Equivalents- End of Year	<u>\$ 4,839,038</u>
Cash and investments	235,007
Restricted cash and investments	4,604,031
Total Cash and Cash Equivalents- End of Year	<u>\$ 4,839,038</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ 5,193,639
Adjustments to reconcile operating activities to net cash provided (used) by operating activities	
Depreciation	884,397
Decrease (increase) in accounts and unbilled usage receivable	(486,924)
Decrease (increase) in prepaids	(23,057)
(Decrease) increase in deposits payable	(1,166)
(Decrease) increase in pension related liabilities and deferrals	404,483
(Decrease) increase in other post employment benefits	848,381
(Decrease) increase in accounts payable, claims payable and other liabilities	(81,458)
Total adjustments	<u>1,544,656</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,738,295</u>

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016

	Pension Trusts	Agency
Assets		
Cash and cash equivalents	\$ 3,314,259	\$ 1,454,835
Investments		
U.S. government and agency obligations	5,209,333	-
Corporate bonds	4,140,653	-
Insurance company contracts	8,867,904	-
Equity mutual funds	18,949,640	-
State and local obligations	355,184	-
Receivables		
Accrued interest	56,521	-
Prepaid items	4,308	-
Total assets	<u>40,897,802</u>	<u>1,454,835</u>
Liabilities		
Due to other agencies	-	1,454,835
Expenses Due/Unpaid	30,217	-
Total liabilities	<u>30,217</u>	<u>1,454,835</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 40,867,585</u>	<u>\$ -</u>

VILLAGE OF MELROSE PARK, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Pension Trusts
Additions	
Contributions	
Employer	\$ 5,626,167
Plan members	1,117,862
Total contributions	<u>6,744,029</u>
Investment Income	
Interest and dividends earned	758,729
Net appreciation in fair value of investments	1,083,693
Less investment expenses	<u>(75,757)</u>
Net investment earnings	<u>1,766,665</u>
Total additions	<u>8,510,694</u>
Deductions	
Administration	97,771
Benefits	7,569,591
Total deductions	<u>7,667,362</u>
Change in Net Position	<u>843,332</u>
Net Position Held in Trust for Pension Benefits	
Beginning of Year	<u>40,024,253</u>
End of Year	<u><u>\$ 40,867,585</u></u>

NOTES TO FINANCIAL STATEMENTS



VILLAGE OF MELROSE PARK, ILLINOIS

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Melrose Park, Illinois (the “Village”) was incorporated in 1894. The Village is a home-rule municipality, under the 1970 Illinois Constitution, located in Cook County, Illinois. The Village operates under a Mayor-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, senior programs, recreation center and general administrative services.

The accounting policies of the Village of Melrose Park, 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 of Melrose Park. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component Units

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 component unit is included in the government's fiduciary fund financial statements. Complete financial statements for the component unit may be obtained at the entity's administrative offices - Police Pension Board, 1000 North 25th Avenue, Melrose Park, IL 60160.

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 nine-member pension board. The Village's President, Treasurer, Clerk, Attorney, and Fire Chief; one pension beneficiary elected by the membership; and three 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 and because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. Complete financial statements for the component unit may be obtained at the entity's administrative offices - Firefighters' Pension Board, 1000 North 25th Avenue, Melrose Park, IL 60160.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Unit

The Melrose Park Public Library

The government-wide financial statements include The Melrose Park Public Library ("library") as a component unit. The library is a legally separate organization. The board of the library is separate from that of the Village. However, because it is fiscally dependent on the Village for approval of its budget and tax levy and because it poses a financial burden on the Village, the library is presented as a component unit. As a component unit, the library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2016. The library does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Financial statements of the reporting entity 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 equity, revenues, and expenditure/expenses.

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 or enterprise 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 or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise 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 and 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.

Debt Service Fund – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Village reports the following major enterprise fund:

Water and Sewer Fund – accounts for operations of the water distribution system and sewer system.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	E911
9 th & North Avenue TIF District	Joyce Brothers TIF District
Lake Street Corridor TIF District	Zenith Opus TIF District
Senior First TIF District	Chicago Avenue & Superior TIF District
Mid Metro TIF District	25 th & North Avenue TIF District
Ruby Street TIF District	

Debt Service Funds – 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.

2003 MFT Bond

In addition, the Village reports the following fund types:

Pension (and other employee benefit) trust funds are 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, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

The Pension Trust Funds – account for the activities of the Police and Firefighters' Pension funds, which accumulate resources for pension benefit payments to qualified public safety employees.

Agency funds are used to account for resources held by the Village in a custodial capacity for another entity (the West Cook Railroad Authority). Assets of the fund are matched by a liability.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of resources. 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.

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, except for income taxes. Income taxes received after 60 days are being considered as available as historically, income taxes collected within 60 days have represented all taxes expected to be collected. 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 of resources. 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 to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also 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.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability or deferred inflow of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from non-operating 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 Water and Sewer Fund 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 non-operating 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 and liabilities 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.

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.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 position in excess of \$10,000,000 and an appointed investment adviser 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.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

Interest Rate Risk

The Village's formal investment policy states the portfolio should provide the highest investment return with the maximum security while meeting the daily cash flow demand of the entity and conforming to all state and local statutes. The portfolio should maintain a comparable rate of return during a market or economic environment of stable interest rates. The portfolio performance should be compared to benchmarks with similar maturity, liquidity, and credit quality as the portfolio. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than one year from the date of purchase. Reserve funds may be invested in securities exceeding two years if the maturity of such investment are made to coincide as nearly practical with the expected use of funds.

The pensions' investment policies limit their exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

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 MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The police pension fund's investment policy limits its exposure to credit risk by primarily investing in securities issued by the United States government and/or its agencies that are implicitly guaranteed by the United States government. Besides investing in securities issued by the United States government, the Fund has no other formal policy for reducing credit risk.

The firefighters' pension fund's investment policy limits its exposure to credit risk by primarily investing in securities issued by the United States government and/or its agencies that are implicitly guaranteed by the United States government. The firefighters' pension fund's investment policy prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

Concentration of Credit Risk

The Village's investment policy requires 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 policy further states that no financial institution shall hold more than 50% of the Village's investment portfolio at the current time of investment placement. The Village operates its investments as an internal investment pool where each fund reports its pro rata share of the investments made by the Village. The police pension investment policy does not have a formal written policy with regards to concentration of credit risk for investments. The fire pension fund's investment policy specifies "the Board of Trustees has consciously diversified the aggregate fund to ensure that adverse or unexpected result will not have an excessively detrimental impact on the entire portfolio."

Custodial Credit Risk - Deposits

The Village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution. Collateral shall be limited to securities of the United States of America or its agencies. The pension fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the pension fund's deposits with financial institutions.

Custodial Credit Risk - Investments

The Village and pension's investment policies require all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. 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. 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.

See Note 3 A for further information.

2. Receivables

Property taxes for levy year 2016 attach 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 county and issued on or about February 1, 2017 and July 1, 2017, and are payable in two installments, 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 unearned revenue in fiscal year 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 unearned revenue 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 3.00% (\$456,892) 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 government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

3. 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.

4. Capital Assets

Government-Wide Financial 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 \$10,000 for general capital assets and \$10,000 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.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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	1 - 10 years
Utility System	1 - 8 Years
Infrastructure	20 - 50 Years

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. The Village reports in the government-wide statements and proprietary fund statements the loss on debt refunding as a deferred outflow of resources which is amortized to interest expense over the shorter of the remaining life of the refunded debt or the life of the new debt. Additionally, the Village reports in the government-wide and proprietary fund statements deferred outflow of resources as related to pensions that will be recognized as pension expense in future periods for measurements such as differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, and pension contributions made subsequent to the Measurement Date.

6. 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.

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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

7. Claims and Judgments

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. There were no significant claims or judgments at year end.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. *Deferred Inflows of Resources*

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The Village reports unearned revenues related to property taxes (for both the government-wide and governmental fund financial statements) and revenues that do not meet the availability criterion (for governmental fund financial statements) as deferred inflows of resources. Additionally, the Village reports in the government-wide and proprietary fund statements deferred outflow of resources as related to pensions that will be recognized as pension expense in future periods for measurements such as differences between expected and actual experience, changes of assumptions, and net difference between projected and actual earnings on pension plan investments.

9. *Equity Classifications*

Government-Wide Financial Statements

Equity is classified as net position 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 positions 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 equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the Village classifies governmental fund balance 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.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 which is the Village Board. Fund balance amounts are committed through a formal action (resolution) of the Village. 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 that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Board may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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.

See Note 3 G for further information.

Fiduciary fund equity is classified as net position held in trust for pension benefits on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the Village believes it is in compliance with all significant restrictions.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Budget amounts are as originally adopted by the Board of Trustees. All annual appropriations lapse at fiscal year-end. The Village adopts a budget for only the General Fund, Motor Fuel Tax Fund, E-911 Fund, Debt Service Fund and Water and Sewer Fund. All other funds did not adopt a budget.

Prior to December 31, the Village Comptroller 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.

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 Comptroller 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.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures over Budget
General	\$33,939,928	\$42,228,594	\$8,288,666
Water & Sewer	14,041,128	20,554,053	6,512,925
Debt Service	2,318,355	4,251,902	1,933,547
E-911	470,000	746,827	276,827

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. Excess expenditures over budget were funded by available fund balance for Water and Sewer Fund, by future general tax revenues for the General Fund, by interfund borrowing for the E-911 Fund and by transfers in to the Debt Service Fund.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2016, the following individual fund held a deficit balance:

Fund	Amount	Reason
E-911	\$2,839,476	Expenditures exceeded revenues as planned in the budget, no subsidized interfund transfer approved from General Fund in current year to offset planned deficit spending.
MFT	687,413	Expenditures exceeded revenues due to construction projects that were not planned, being paid from MFT funds.
Zenith Opus TIF District	42,569	Expenditures exceeded revenues, due to the increased debt service payments belonging to the TIF and revenues falling short of expectations. Shortfalls are covered by other TIF funds as TIFs are contiguous.
Senior First TIF District	740,690	Expenditures exceeded revenues, due to the increased debt service payments belonging to the TIF and revenues falling short of expectations. Shortfalls are covered by other TIF funds as TIFs are contiguous.
25th Ave & North TIF District	321,540	Expenditures exceeded revenues, due to the increased debt service payments belonging to the TIF and revenues falling short of expectations. Shortfalls are covered by other TIF funds as TIFs are contiguous.

The above fund deficits are anticipated to be funded with future transfers, general tax revenues and MFT allotments.

The governmental activities had deficit net position of \$182,958,395 as of December 31, 2016. In previous years, the deficit balance was primarily due to outstanding long-term debt that was issued to provide funding for public improvements for the Tax Increment Redevelopment Project Areas (RPA's), net of capital assets of the Village and the operating deficit of the Village as a whole. Certain revenues generated within the RPA's were pledged by the Village to retire the bonds and pay interest on the debt. Since the RPA's bonds are paid from revenues created in the future, this creates a deficit balance which will remain until the outstanding bonds are paid. Additionally, as a result of actuarial valuations

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

prepared in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the Village reported increased net pension liability balances for the Police Pension, Firefighters' Pension, and Illinois Municipal Retirement Funds in the current year, which further decreased net position.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits with financial institutions	\$ 35,030,530	\$ 36,158,450	Custodial credit risk - deposits
Corporate bonds	4,140,653	4,140,653	Interest rate risk, Credit risk, Concentration of credit risk, Custodial credit risk - investments
Money market mutual funds	12,239,240	12,239,533	Credit risk
U.S. government and agency obligations	5,209,333	5,209,333	Interest rate risk, Concentration of credit risk, Custodial credit risk - investments, Credit risk
State and local obligations	355,184	355,184	Interest rate risk, Credit risk, Concentration of credit risk, Custodial credit risk - investments
Insurance company contracts	8,867,904	8,867,904	Concentration of credit risk, Custodial credit risk - investments
Equity mutual funds	18,949,640	18,949,640	Custodial credit risk - investments
Petty cash	<u>1,408</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 84,793,892</u>	<u>\$ 85,920,697</u>	

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Reconciliation to financial statements

Per statement of net position

Unrestricted cash and investments	\$ 37,898,053
-----------------------------------	---------------

Restricted cash and investments	4,604,031
---------------------------------	-----------

Per statement of net position-
fiduciary funds

Agency Fund cash	1,454,835
------------------	-----------

Pension Trusts cash	3,314,259
---------------------	-----------

Pension Trusts investments	<u>37,522,714</u>
----------------------------	-------------------

Total Deposits and Investments	<u>\$ 84,793,892</u>
--------------------------------	----------------------

At December 31, 2016, Village deposits were uninsured and uncollateralized for \$138,196, Firefighters' pension deposits were uninsured and uncollateralized for \$531,017 and Police pension deposits were uninsured and uncollateralized for \$1,990,134.

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. As noted above, the Village and pension funds were exposed to Custodial Credit risk for the year ended 2016.

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's investment policies require all securities to be held by a third party custodian designated by the comptroller and evidenced by safekeeping receipts and written custodian agreement.

As of December 31, 2016, the Village did not hold any assets classified as investments. Investments held by the Police Pension and Fire Pension Funds and related maturities are as follows:

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Police Pension Fund		Maturity (In Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Treasury Bonds	\$ 506,067	\$ -	\$ -	\$ -	\$ 506,067
U.S. Treasury Notes	225,020	-	225,020	-	-
Governmental National Mortgage Association	303,293	-	7,972	9,805	285,516
Federal National Mortgage Association	201,485	-	4,463	16,161	180,861
Corporate Bonds	2,268,778	-	966,948	1,113,272	188,558
State and Local Obligations	107,524	-	19,863	34,361	53,300
Federal Home Loan Mortgage Corp	629,805	-	400,574	39,228	190,003
Totals	\$ 4,241,972	\$ -	\$ 1,624,840	\$ 1,212,827	\$ 1,404,305

The Police Pension Fund has the following recurring fair value measurements as of December 31, 2016:

Investment by Fair Value Level	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 731,087	\$ 731,087	\$ -	\$ -
U.S. Agencies	1,134,583	-	1,134,583	-
Corporate Bonds	2,268,778	-	2,268,778	-
State and Local Obligations	107,524	-	107,524	-
Equity Securities				
Insurance Company Contracts	8,867,904	8,867,904	-	-
Equity Mutual Funds	6,299,831	6,299,831	-	-
Totals	\$ 19,409,707	\$ 15,898,822	\$ 3,510,885	\$ -

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Firefighters' Pension Fund		Maturity (In Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
State and Local Obligations	\$ 247,660	\$ -	\$ -	\$ 39,745	\$ 207,915
U.S. Treasury Bonds	462,291	-	-	-	462,291
U.S. Treasury Notes	1,176,381	233,887	250,505	691,989	-
U.S. Treasury Bills	179,363	179,363	-	-	-
Governmental National Mortgage Association	47,738	-	-	-	47,738
Federal Home Loan Mortgage Corp.	1,083,512	-	-	123,289	960,223
Federal National Mortgage Association	339,747	20,484	16,297	21,742	281,224
Federal Farm Credit Bank	54,631	-	54,631	-	-
Corporate Bonds	1,871,875	40,925	925,390	614,351	291,209
Totals	<u>\$ 5,463,198</u>	<u>\$ 474,659</u>	<u>\$ 1,246,823</u>	<u>\$ 1,491,116</u>	<u>\$ 2,250,600</u>

The Fire Pension Fund has the following recurring fair value measurements as of December 31, 2016:

Investment by Fair Value Level	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 1,818,035	\$ 1,818,035	\$ -	\$ -
U.S. Agencies	1,525,628	-	1,525,628	-
Corporate Bonds	1,871,875	-	1,871,875	-
State and Local Obligations	247,660	-	247,660	-
Equity Securities				
Mutual Funds	12,649,809	12,649,809	-	-
Totals	<u>\$ 18,113,007</u>	<u>\$ 14,467,844</u>	<u>\$ 3,645,163</u>	<u>\$ -</u>

See Note 1D1 for further information on deposit and investment policies.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Credit Risk

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

As of December 31, 2016, the Village's investments were rated as follows:

Investment Type	Composite Ratings
Money Market Mutual Funds	AAAm

The investments in the securities of the U.S. government agencies were all rated triple A or Aaa by Standard & Poor's and by Moody's Investors Services.

The Police Pension Fund's investments in the state and local obligations were all rated AA or higher, securities of U.S. government agencies were all rated triple A and corporate bonds were all rated BBB or higher by Standard & Poor's or by Moody's Investors Services or were small issues that were unrated. Unrated investments are listed in the table below.

Investment Type	Par Value	Interest Rate	Maturity Date
Federal Home Loan Mortgage Corp.	\$22,604	3.50%	December 1, 2025
Federal Home Loan Mortgage Corp.	15,158	4.00%	June 1, 2026
Federal Home Loan Mortgage Corp.	180,113	3.50%	July 15, 2039
Federal Home Loan Mortgage Corp.	44,471	3.00%	April 1, 2043
Federal National Mortgage Association	4,402	4.00%	October 1, 2018
Federal National Mortgage Association	14,009	7.50%	April 1, 2024
Federal National Mortgage Association	2,556	4.50%	September 1, 2033
Federal National Mortgage Association	131,905	3.00%	February 25, 2044

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

The Firefighters' Pension Fund's investments in the securities of state and local obligations were rated AA or better, U.S. government agencies were all rated triple A and corporate bonds were rated BBB or better by Standard & Poor's or by Moody's Investors Services or were small issues that were unrated. Unrated investments are listed in the table below.

Investment Type	Par Value	Interest Rate	Maturity Date
Federal Home Loan Mortgage Corp.	\$ 71,042	3.500%	December 1, 2025
Federal Home Loan Mortgage Corp.	47,638	4.000%	June 1, 2026
Federal Home Loan Mortgage Corp.	41,937	3.000%	February 1, 2027
Federal Home Loan Mortgage Corp.	28,252	2.940%	April 1, 2036
Federal Home Loan Mortgage Corp.	44,676	2.623%	April 1, 2036
Federal Home Loan Mortgage Corp.	19,000	6.000%	January 1, 2039
Federal Home Loan Mortgage Corp.	10,318	5.000%	October 1, 2039
Federal Home Loan Mortgage Corp.	70,860	4.000%	July 1, 2040
Federal Home Loan Mortgage Corp.	34,634	4.500%	March 1, 2042
Federal Home Loan Mortgage Corp.	89,315	3.500%	March 1, 2042
Federal Home Loan Mortgage Corp.	91,877	3.500%	April 1, 2042
Federal Home Loan Mortgage Corp.	295,776	3.000%	January 1, 2043
Federal Home Loan Mortgage Corp.	106,277	3.000%	October 1, 2043
Federal Home Loan Mortgage Corp.	38,258	3.500%	April 1, 2044
Federal Home Loan Mortgage Corp.	68,610	3.500%	August 1, 2045
Federal National Mortgage Association	20,230	5.401%	June 1, 2017
Federal National Mortgage Association	10,909	4.000%	October 1, 2018
Federal National Mortgage Association	5,131	5.500%	June 1, 2020
Federal National Mortgage Association	19,898	5.000%	April 1, 2025
Federal National Mortgage Association	12,319	5.000%	February 1, 2031
Federal National Mortgage Association	17,293	3.211%	January 1, 2036
Federal National Mortgage Association	18,349	2.721%	April 1, 2037
Federal National Mortgage Association	74,258	5.500%	July 1, 2037
Federal National Mortgage Association	35,932	4.500%	November 1, 2040
Federal National Mortgage Association	55,588	3.000%	April 1, 2043
Federal National Mortgage Association	54,270	3.500%	November 1, 2045

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

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.

At December 31, 2016, the Village's investment portfolio (excluding pensions) did not have any concentrations of holdings in excess of 5%.

At December 31, 2016, the Police Pension Fund has over 5% of plan net position, \$1,096,712, invested in various agency securities as indicated in the table located previously within the investment section and various insurance contracts and mutual funds listed below. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. In accordance with the Pension Fund's investment policy, the Board of Trustees has consciously diversified the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.

The Police Pension Fund's investment policy has a stated target that 33% of its portfolio be in fixed income securities, 63% in equities, 2% real estate and 2% cash and equivalents. The Police Pension Board has diversified its insurance contract and mutual fund holdings as follows:

Holding	Fair Value
Mass Mutual Insurance Contracts	\$3,394,246 *
American General Insurance Contract	1,776,630 *
VOYA Insurance Contract	1,427,848 *
John Hancock Insurance Contract	1,231,421 *
Commonwealth Annuity Insurance Contract	1,035,572
Jackson National Life Insurance Contract	<u>2,187</u>
Total Insurance Contracts	<u><u>8,867,904</u></u>
Vanguard Institutional Index Fund	5,163,153 *
SPDR S&P 600 Small Cap ETF Fund	629,954
Schwab International Index Fund	313,910
Vanguard REIT ETF Fund	<u>192,814</u>
Total Equity Mutual Funds	<u><u>6,299,831</u></u>

*Represents over 5% of Fiduciary Net Position

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

At December 31, 2016, the Firefighters' Pension Fund has over 5% of plan net assets, \$946,667 invested in various agency securities as indicated in the table within the investment section and various mutual funds listed below. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. Although not required by the investment policy, the Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

The Firefighters' Pension Fund's investment policy has a stated target that 32% of its portfolio be in fixed income securities, 6.5% in real estate and 58.5% in equities with the remaining 3% cash and equivalents. The Firefighters' Pension Board has diversified its insurance contracts and mutual fund holdings as follows:

Holding	Fair Value
Vanguard Total Stock Market Index Fund	\$9,783,879 *
Schwab International Index Fund	2,304,025 *
Vanguard REIT ETF Fund	<u>561,905</u>
Total Equity Mutual Funds	<u><u>12,649,809</u></u>

*Represents over 5% of Fiduciary Net Position

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with the investment policies of both Pension Funds, the Funds limit their exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**B. RECEIVABLES**

Receivables as of year-end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Water and Sewer Fund	Nonmajor and Other Funds
Receivables				
Property taxes	\$ 12,249,355	\$ 1,797,177	\$ -	\$ -
Sales taxes	3,750,626	-	-	-
State income taxes	284,321	-	-	-
Motor fuel taxes	-	-	-	60,282
Telecommunication taxes	164,172	-	-	-
Replacement taxes	203,693	-	-	-
Utility	217,048	-	-	-
Accounts	-	-	3,414,911	-
Other	41,061	-	-	-
Gross receivables	<u>16,910,276</u>	<u>1,797,177</u>	<u>3,414,911</u>	<u>60,282</u>
Less: Allowance for uncollectibles	<u>(367,146)</u>	<u>(89,746)</u>	<u>-</u>	<u>-</u>
Net total receivables	<u><u>\$ 16,543,130</u></u>	<u><u>\$ 1,707,431</u></u>	<u><u>\$ 3,414,911</u></u>	<u><u>\$ 60,282</u></u>

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

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Governmental funds report deferred inflows of resources 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 available and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been earned during the fiscal year, but are received beyond 60 days of year end making them unavailable to liquidate current year liabilities. At the end of the current fiscal year, the various components of *deferred inflow of resources* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Property taxes receivable for subsequent year - General Fund	\$ 11,871,065
Property taxes receivable for subsequent year - Debt Service	1,705,180
Sales/use taxes- General Fund	1,440,718
Telecommunication taxes- General Fund	53,588
Other - General Fund	<u>33</u>
Total unavailable revenue	<u><u>\$ 15,070,584</u></u>

C. RESTRICTED ASSETS

Following is a list of restricted assets at December 31, 2016:

	<u>Restricted Assets</u>
Water Fund for Debt service	\$ <u>4,604,031</u>
Total Restricted Assets	\$ <u><u>4,604,031</u></u>

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 26,886,882	\$ 298,081	\$ -	\$ 27,184,963
Construction in Progress	135,347	156,176	-	291,523
Total Capital Assets Not Being Depreciated	27,022,229	454,257	-	27,476,486
Capital Assets Being Depreciated				
Improvements Other than Buildings	2,458,124	376,615	-	2,834,739
Buildings	22,756,649	27,650	-	22,784,299
Machinery and Equipment	4,653,746	14,058	-	4,667,804
Vehicles	5,635,736	648,190	-	6,283,926
Infrastructure	20,155,199	-	-	20,155,199
Total Capital Assets Being Depreciated	55,659,454	1,066,513	-	56,725,967
Less: Accumulated Depreciation for				
Improvements Other than Buildings	660,954	52,828	-	713,782
Buildings	8,542,531	453,080	-	8,995,611
Machinery and Equipment	2,697,791	278,059	-	2,975,850
Vehicles	3,544,554	425,390	-	3,969,944
Infrastructure	6,802,126	292,839	-	7,094,965
Total Accumulated Depreciation	22,247,956	1,502,196	-	23,750,152
Total Capital Assets Being Depreciated, Net	33,411,498	(435,683)	-	32,975,815
Governmental Activities				
Capital Assets, Net	\$ 60,433,727	\$ 18,574	\$ -	\$ 60,452,301

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$	243,028
Public safety		539,656
Highways and street, including infrastructure		397,947
Community development		170,015
Hispanic Liason Center		703
Culture and recreation		150,847
Total Governmental Activities Depreciation Expense	\$	<u>1,502,196</u>

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 699,347	\$ -	\$ -	\$ 699,347
Land Improvements	12,479	-	-	12,479
Total Capital Assets Not Being Depreciated	711,826	-	-	711,826
Capital Assets Being Depreciated				
Buildings	1,622,017	-	-	1,622,017
Equipment	298,165	-	-	298,165
Water system infrastructure	48,766,448	-	-	48,766,448
Vehicles	601,709	-	-	601,709
Total Capital Assets Being Depreciated	51,288,339	-	-	51,288,339
Less Accumulated Depreciation for				
Buildings	759,002	27,487	-	786,489
Equipment	115,814	19,228	-	135,042
Water system infrastructure	13,432,580	788,248	-	14,220,828
Vehicles	444,198	49,434	-	493,632
Total Accumulated Depreciation	14,751,594	884,397	-	15,635,991
Total Capital Assets Being Depreciated, Net	36,536,745	(884,397)	-	35,652,348
Business-Type Capital Assets, Net	<u>\$ 37,248,571</u>	<u>\$ (884,397)</u>	<u>\$ -</u>	<u>\$36,364,174</u>

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water and Sewer	\$ <u>884,397</u>
Total Business-Type Activities Depreciation Expense	\$ <u>884,397</u>

E. INTERFUND RECEIVABLES/PAYABLES

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Funds	\$ 10,617,723
Other Funds	General	1,075,953
Other Funds	Other Funds	421,540
Water	General	<u>25,030,998</u>
Total - Fund Financial Statements		<u>37,146,214</u>
Less: Fund Eliminations		<u>(12,115,216)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 25,030,998</u>

All amounts are due within one year.

The principal purpose of these interfunds were purchases made with cash from a different fund. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

During the course of operations, numerous transactions occur between individual funds of the Village for the goods provided or services rendered. Those receivables and payables which relate to the Melrose Park Public Library are classified as "Due from Component Units" and "Due to Primary Government".

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

At December 31, 2016, the discretely presented component unit - Library Fund had a payable balance of \$344,907 due to the primary government. This payable to the Village was caused by a cash deficit in the Library Fund.

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

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	Debt Service	\$ 1,050,850	Excess debt service funds transferred to general fund From 9th & North and Joyce Brothers TIFs for repairs to 15th Avenue
	Nonmajor	1,155,242	
		<u>2,206,092</u>	
Debt Service	General	2,074,274	From general fund for debt service From MFT, Zenith Opus TIF, Senior First TIF and Lake Street Corridor TIF for debt service
	Nonmajor	2,305,444	
		<u>4,379,718</u>	
Nonmajor	Nonmajor	3,798,991	Various transfers between contiguous TIFs
Water	General	15,285	From general fund to aid in vendor payments
Total - Fund Financial Statements		<u>10,400,086</u>	
Less Fund eliminations		<u>(10,384,801)</u>	
Total Transfers- Government-Wide Statement of Activities		<u>\$ 15,285</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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

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

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 27,880,000	\$ 3,660,000	\$ 6,470,000	\$ 25,070,000	\$ 3,155,000
Tax incremental financing bonds	26,643,644	464,335	3,215,000	23,892,979	3,610,000
Unamortized premium	688,073	7,670	135,613	560,130	-
Unamortized discount	(68,797)	-	(6,909)	(61,888)	-
Total bonds and notes payable	55,142,920	4,132,005	9,813,704	49,461,221	6,765,000
Other Liabilities					
Loans	5,968,562	499,972	251,378	6,217,156	10,000
Net pension liability - police	82,813,068	71,090	-	82,884,158	-
Net pension liability - fire	107,623,813	2,987,621	-	110,611,434	-
Net OPEB obligation	10,958,809	3,191,529	-	14,150,338	-
Net pension liability - IMRF	1,494,659	697,978	-	2,192,637	-
Total other liabilities	208,858,911	7,448,190	251,378	216,055,723	10,000
Total Governmental Activities					
Long-Term Liabilities	\$ 264,001,831	\$ 11,580,195	\$ 10,065,082	\$ 265,516,944	\$ 6,775,000

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Business-Type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 6,655,000	\$ -	\$ -	\$ 6,655,000	\$ -
Total bonds and notes payable	6,655,000	-	-	6,655,000	-
Other Liabilities					
Net OPEB obligation	2,913,102	848,381	-	3,761,483	-
Net pension liability	-	1,434,662	-	1,434,662	-
Illinois EPA loans	3,923,811	-	833,111	3,090,700	854,833
Total other liabilities	6,836,913	2,283,043	833,111	8,286,845	854,833
Total Business-Type Activities					
Long-Term Liabilities	\$ 13,491,913	\$ 2,283,043	\$ 833,111	\$ 14,941,845	\$ 854,833

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental activities will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities

General Obligation Debt	Date of Issuance	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2006	December 27, 2006	December 15, 2026	5.10% - 5.65%	\$ 6,610,000	\$ -
2010B	November 2, 2010	December 15, 2018	1.60%- 4.0%	8,070,000	2,245,000
2012	April 19, 2012	December 15, 2032	4.0%- 4.5%	14,355,000	12,320,000
2015	April 14, 2015	December 15, 2023	2.0%- 4.0%	8,910,000	6,885,000
2016	September 29, 2016	December 15, 2026	2.0%- 3.2%	3,660,000	3,620,000
Total Governmental Activities- General Obligation Debt					\$ 25,070,000

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Debt service requirements to maturity are as follows:

Year	Governmental Activities General Obligation Debt	
	Principal	Interest
2017	\$ 3,155,000	\$ 868,652
2018	3,320,000	775,567
2019	2,010,000	668,792
2020	2,080,000	611,517
2021	2,430,000	546,357
2022-2026	6,525,000	1,773,670
2027-2031	4,530,000	762,000
2032	1,020,000	40,800
Totals	<u>\$25,070,000</u>	<u>\$ 6,047,355</u>

Alternative Revenue Debt

Revenue Debt

The Village has pledged future water revenues, net of specified operating expenses, to repay \$53,965,616 million in revenue bonds and loans issued in 1998 and 1999. Proceeds from the bonds provided financing for the water infrastructure improvements. The bonds and loans are payable solely from water revenues and are payable through 2020. Annual principal and interest payments on the bonds and loans are expected to require \$1,003,148 to \$3,922,509 of net revenues. The total principal and interest remaining to be paid on the bonds and loans at December 31, 2016 was \$9,745,702 and \$858,114, respectively. Principal and interest paid for the current year and total customer net revenues were \$1,268,935 and \$25,832,530, respectively.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Revenue debt payable at December 31, 2016, consists of the following:

Business-Type Activities Revenue Debt

Water Utility	Date of Issuance	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Illinois EPA Wastewater Treatment Loan of 1998	June 1, 1998	June 1, 2020	2.60%	\$ 8,573,768	\$ 1,907,574
Illinois EPA Wastewater Treatment Loan of 1999	June 1, 1999	June 1, 2020	2.50%	5,241,848	1,183,128
Revenue Bond Series of 1998A	January 1, 1998	January 1, 2020	4.00%-5.50%	40,150,000	6,655,000
Total Business-Type Activities Revenue Debt					<u>\$ 9,745,702</u>

In prior years, the Village defeased certain Water Revenue bonds by placing the proceeds of new EPA loans in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Village's financial statements. At December 31, 2016, \$9,595,000 of bonds outstanding are considered defeased.

Debt service requirements to maturity are as follows:

Year	Business-Type Activities Revenue Debt	
	Principal	Interest
2017	\$ 3,504,833	\$ 417,676
2018	3,407,122	257,588
2019	899,990	103,158
2020	<u>1,933,757</u>	<u>79,692</u>
Totals	<u>\$ 9,745,702</u>	<u>\$ 858,114</u>

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)***General Obligation Tax Increment Financing Bonds***

Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district.

The Village has pledged future incremental tax revenues, net of specified operating expenses, to repay \$50,950,000 million in general obligation alternative revenue bonds issued in 2001 through 2011.

Tax increment Financing Bonds at December 31, 2016, consist of the following:

Governmental Activities

Tax Increment Financing Bonds	Date of Issuance	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2001A	December 15, 2001	December 15, 2020	4.30%- 5.15%	\$ 2,774,103	\$ 4,186,274
2003C	June 24, 2003	December 15, 2023	4.70%- 5.40%	2,301,680	3,654,206
2004A	April 26, 2004	December 15, 2023	6.75%	4,800,000	2,720,000
2010A	November 2, 2010	December 15, 2019	2.00%- 3.125%	11,455,000	4,360,000
2011A	December 22, 2011	December 15, 2023	4.00%- 5.00%	3,710,000	3,710,000
2011B	December 22, 2011	December 15, 2020	4.50%- 5.15%	1,690,000	1,690,000
2011	May 17, 2011	May 15, 2019	4.750%	5,900,000	3,572,500
Total Governmental Activities- Tax Increment Financing Bonds					<u>\$ 23,892,980</u>

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

The 2001A and 2003C series bonds are capital appreciation bonds accreting to maturity value upon final maturity. Debt service requirements below include future accretion. Total maturity value for 2001A and 2003C are \$6,875,000 and \$5,320,000, respectively. After deducting principal payments made through 2016, remaining maturity values are \$4,850,000 and \$4,540,000, respectively.

Debt service requirements to maturity are as follows:

Year	Governmental Activities	
	Tax Increment Financing Bonds	
	Principal	Interest
2017	\$ 3,610,000	\$ 709,650
2018	3,800,000	634,497
2019	7,637,500	478,127
2020	3,345,000	304,288
2021	960,000	245,100
2022-2023	6,090,000	320,150
Totals	<u>\$25,442,500</u>	<u>\$ 2,691,812</u>

Other Debt Information

Estimated payments of other postemployment benefits obligation and net pension liability are not included in the debt service requirement schedules. The other postemployment benefits obligation and net pension liability attributable to governmental activities will be liquidated primarily by the General Fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Loans and Line of Credit

The Village obtained loans for general government purposes with a carrying value of \$5,690,645 as of December 31, 2016. The loans' maturity date was originally February 2012 but was extended through January 2018. The interest rates on these notes vary from 4.75% to 6.25%.

In August of 2014, the Village entered into an agreement to purchase an office building for \$820,000. \$150,000 was paid at the closing and the remaining \$670,000 was financed by means of a Purchase Money Installment Term Loan Note. The note is non-interest bearing and provides for principal payments of \$160,000 per year for a three-year period. The balance related to this portion of the note

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

in the amount of \$450,000 was paid in full during the prior fiscal year. The remaining \$220,000 of principal due on the note will be paid as a monthly credit of \$833.33 offsetting rent due to the Village by the seller for the lease of office space within the building over a 264-month period. At December 31, 2016, the balance due was \$196,667.

In April 2016, the Village entered into an agreement to purchase a fire truck for \$499,972. The entire amount was financed by means of a line of credit. The interest rate on the line of credit is 2.65%. The maturity date of the line of credit is June 7, 2018. At December 31, 2016, the balance due was \$329,844.

All loans are expected to be paid from General Fund.

G. FUND BALANCES

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

Nonspendable

Major Fund	
General Fund - Prepaid expense	<u>\$ 523,407</u>
Nonmajor Funds	
Special Revenue Funds	
E-911	<u>63,267</u>
Total Nonspendable	<u>\$ 586,674</u>

Restricted

Major Fund	
Debt Service Fund - Restricted for debt service	<u>\$ 5,216,341</u>
	<u>5,216,341</u>
Nonmajor Funds	
Special Revenue Funds	
Mid Metro TIF - Restricted for community development	863,529
Joyce Brothers TIF- Restricted for community development	47,254
Ruby Street TIF - Restricted for community development	4,287
Lake Street Corridor TIF - Restricted for community development	1,352,710
Chicago Avenue & Superior TIF - Restricted for community development	<u>1,353,407</u>
	<u>3,621,187</u>
Debt Service Fund	
2003 MFT Bond - Restricted for debt service	<u>2</u>
Total Restricted	<u>\$ 8,837,530</u>

Unassigned

Major Fund	
General Fund	<u>\$ 7,965,283</u>
Nonmajor Funds	
Special Revenue Funds	
25th and North TIF	(321,540)
Zenith Opus TIF	(42,569)
Senior First TIF - Restricted for community development	(740,690)
Motor Fuel Tax	(687,413)
E-911	<u>(2,902,743)</u>
Total Nonmajor Fund Unassigned	<u>(4,694,955)</u>
Total Unassigned	<u>\$ 3,270,328</u>

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

H. COMPONENT UNITS

THE MELROSE PARK PUBLIC LIBRARY

This report contains the Melrose Park Public Library (library), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The library follows the modified accrual basis of accounting and the flow of financial resources measurement focus.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ (403,046)	\$ 23,508	Custodial credit
Petty cash	2,631	2,631	N/A
Total deposits and investments	<u>\$ (400,415)</u>	<u>\$ 26,139</u>	

Custodial Credit Risk

Deposits

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

The library 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 library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

See Note ID1 for further information on deposit and investment policies.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 333,332	\$ -	\$ -	\$ 333,332	
Buildings	376,954	78,550	-	455,504	50
Equipment	439,359	14,992	-	454,351	1-10
Less: Accumulated depreciation	(750,197)	(18,756)	-	(768,953)	
	-			-	
Totals	\$ 418,682	\$ 74,786	\$ -	\$ 474,234	

d. Interfunds

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

Receivable Fund	Payable Fund	Amount
General	Library	\$ 344,907
Total - Fund Financial Statements		\$ 344,907

- e. Receivables as of year-end for the library are \$986,762 for property taxes, net of \$30,486 allowance for uncollectible accounts.

NOTE 4 – OTHER INFORMATION**A. EMPLOYEES' RETIREMENT SYSTEM*****Plan Descriptions***

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 also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for the Police and Firefighters' Pension Plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police and Firefighters' Pension Plans issue separate reports on the pension plans and are available for inspection at Village Hall. IMRF benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available report that includes financial statements and supplementary information for

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

the plan as a whole, but not for individual employers. The report can be obtained online at www.imrf.org.

Below is aggregate information related to all of the pension plans in total reported by the Village as of and for the year ended December 31, 2016:

Total Pension Liability	\$ 264,964,632
Plan Fiduciary Net Position	<u>67,841,741</u>
Village's net pension liability	<u>197,122,891</u>
Deferred Inflows of Resources	\$ 9,698,656
Deferred Outflows of Resources	19,440,248
Pension Expense	15,578,618

Illinois Municipal Retirement Fund (IMRF)

General Information about the Pension Plan

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited 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 each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited 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 each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the year ended December 31, 2016 was 10.75% of covered payroll. The employer annual required contribution rate for calendar year 2015 was 11.37%.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

At December 31, 2016, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries	114
Inactive, Non-retired Members	39
Active Members	<u>128</u>
Total	281

Net Pension Liability

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

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	3.5%
Price Inflation:	2.75%
Salary Increases:	3.75% to 14.50% including inflation
Investment Rate of Return:	7.49%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
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 Morality Table with adjustments to match current IMRF experience.

There were no benefit changes during the year.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Domestic Equity	38.0%	7.39%
International Equity	17.0%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
	<u>100%</u>	

Single Discount Rate: A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Changes in the Net Pension Liability

IMRF:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Balances at December 31, 2014	\$ 29,015,480	\$ 27,520,821	\$ 1,494,659
Changes for the year:			
Service Cost	720,114	-	720,114
Interest on the Total Pension Liability	2,159,282	-	2,159,282
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(161,828)	-	(161,828)
Changes of Assumptions	38,627	-	38,627
Contributions - Employer	-	732,788	(732,788)
Contributions - Employees	-	310,481	(310,481)
Net Investment Income	-	137,287	(137,287)
Benefit Payments, including Refunds of Employee Contributions	(1,170,219)	(1,170,219)	-
Other (Net Transfer)	-	(557,001)	557,001
Net Changes	1,585,976	(546,664)	2,132,640
Balances at December 31, 2015	<u>\$ 30,601,456</u>	<u>\$ 26,974,157</u>	<u>\$ 3,627,299</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
Net Pension Liability	\$ 7,816,137	\$ 3,627,299	\$ 198,034

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Pension Expense, 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 \$1,651,591 related to IMRF. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 436,232
Changes of assumptions	604,940	-
Net difference between projected and actual earnings on pension plan investments	<u>1,739,038</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	2,343,978	436,232
Pension Contributions made subsequent to the Measurement Date	<u>696,889</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 3,040,867</u>	<u>\$ 436,232</u>

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

Year Ended December 31	
2017	\$ 1,225,262
2018	528,373
2019	486,127
2020	364,873
2021	-
Thereafter	-

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Police Pension Plan

General Information about the Pension Plan

As provided for in the Illinois Compiled Statutes, the Police Pension Fund 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 of 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 police officer 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.

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 past service cost for the Police Pension Plan is 90% by the year 2040. For the year ended December 31, 2016, the Village's contribution was 38.97% of covered payroll.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

At December 31, 2016, the Police Pension Plan membership consisted of:

<u>Membership</u>	<u>Participants</u>
Retirees and beneficiaries currently receiving benefits	55
Terminated employees entitled to benefits but not yet receiving them	0
Current employees	<u>79</u>
Total	<u>134</u>

Net Pension Liability

The Village's net pension liability for the Police Pension Plan was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial cost method was entry age normal with a level percent of pay.

Actuarial Assumptions: The following actuarial assumptions were used to determine the total pension liability in the December 31, 2016 actuarial valuation and the prior valuation:

	<u>Current Valuation</u>	<u>Prior Valuation</u>
Interest Rate	7.00%	7.00%
Discount Rate	4.41%	4.13%
Salary Increases	4.00%-23.94%	4.00%-23.94%
Projected Increase in Payroll	4.00%	4.50%
Inflation	2.50%	2.50%

Mortality rates for the December 31, 2016 actuarial valuation are based on the assumption study prepared for Illinois Police 2016. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date. The prior valuation was based on the 2016 study prepared by Lauterbach & Amen, LLP.

Long Term Expected Rate of Return: The long term expected rate of return on the Plan's investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Domestic Equity	58%	4.75% - 5.00%
International Equity	5%	5.50% - 7.75%
Fixed Income	33%	0.75% - 4.50%
REITs	2%	3.75%
Cash Equivalents	2%	0.00%
	<u>100%</u>	

Single Discount Rate: A Single Discount Rate of 4.41% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.78% and the resulting single discount rate is 4.41%.

The assumed rate on High Quality 20 Year Tax Exempt G.O. Bonds was changed from 3.57% to 3.78% for the current year. The rate has been updated to the current fiscal year based on changes in market conditions as reflected in the Index. The discount rate was changed from 4.13% to 4.41%. The discount rate is impacted by the change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate. In addition, changes made that impact the projection of the Net Position of the fund such as changes in the formal or informal funding policy and actual changes in the net position from one year to the next can impact the discount rate.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Balances at December 31, 2015	\$ 104,416,340	\$ 21,603,272	\$ 82,813,068
Changes for the year:			
Service Cost	3,096,037	-	3,096,037
Interest on the Total Pension Liability	4,533,832	-	4,533,832
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(6,471,840)	-	(6,471,840)
Changes of Assumptions	2,460,748	-	2,460,748
Contributions - Employer	-	2,544,568	(2,544,568)
Contributions - Employees	-	616,461	(616,461)
Net Investment Income	-	443,851	(443,851)
Benefit Payments, including Refunds of Employee Contributions	(3,216,713)	(3,216,713)	-
Other (Net Transfer)	-	(57,193)	57,193
Net Changes	402,064	330,974	71,090
Balances at December 31, 2016	<u>\$ 104,818,404</u>	<u>\$ 21,934,246</u>	<u>\$ 82,884,158</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability related to the police pension plan of the Village calculated using the discount rate of 4.41% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.41%) or one percentage point higher (5.41%) than the current rate:

	1% Decrease (3.41%)	Current Discount Rate (4.41%)	1% Increase (5.41%)
Net Pension Liability	\$ 101,855,684	\$ 82,884,158	\$ 67,952,859

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Police Pension Fund report.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Pension Expense, 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 \$6,085,478 related to the police pension plan. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,817,337
Changes of assumptions	5,108,857	-
Net difference between projected and actual earnings on pension plan investments	<u>1,781,377</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 6,890,234</u></u>	<u><u>\$ 5,817,337</u></u>

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

<u>Year Ended December 31</u>	
2017	\$ 523,154
2018	523,154
2019	523,152
2020	213,205
2021	322
Thereafter	(710,090)

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Firefighters' Pension Plan

General Information about the Pension Plan

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Fund 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 Fund as provided for in the 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 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 of 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.

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2016, the contribution percentage was 9.46%. 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 past service cost for the Firefighters' Pension Plan is 90% by the year 2040. For the year ended December 31, 2016, the Village's contribution was 58.26% of covered payroll.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

At December 31, 2016, the Firefighters' Pension Plan membership consisted of:

<u>Membership</u>	<u>Participants</u>
Retirees and beneficiaries currently receiving benefits	72
Terminated employees entitled to benefits but not yet receiving them	2
Current employees	<u>61</u>
Total	<u>135</u>

Net Pension Liability

The Village's net pension liability for the Firefighters' Pension Plan was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial cost method was entry age normal with a level percent of pay.

Actuarial Assumptions: The following actuarial assumptions were used to determine the total pension liability in the December 31, 2016 actuarial valuation and the prior valuation:

	<u>Current Valuation</u>	<u>Prior Valuation</u>
Interest Rate	7.00%	7.00%
Discount Rate	4.11%	3.79%
Salary Increases	4.50%-47.45%	4.50%-19.50%
Projected Increase in Payroll	3.50%	4.50%
Inflation	2.50%	3.00%

Mortality rates for the December 31, 2016 actuarial valuation are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. The table combines observed experience of Illinois Firefighters with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date. The prior valuation was based on the 2016 study prepared by Lauterbach & Amen, LLP.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Domestic Equity	49%	4.75% - 5.00%
International Equity	10%	5.50% - 7.75%
Fixed Income	32%	0.75% - 4.50%
REITs	6%	3.75%
Cash Equivalents	3%	0.00%
	<u>100%</u>	

Single Discount Rate: A Single Discount Rate of 4.11% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.78% and the resulting single discount rate is 4.11%. The assumed rate on High Quality 20 Year Tax Exempt G.O. Bonds was changed from 3.57% to 3.78% for the current year. The rate has been updated to the current fiscal year based on changes in market conditions as reflected in the Index. The discount rate was changed from 3.79% to 4.11%. The discount rate is impacted by the change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate. In addition, changes made that impact the projection of the Net Position of the fund such as changes in the formal or informal funding policy and actual changes in the net position from one year to the next can impact the discount rate.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Balances at December 31, 2015	\$ 126,044,794	\$ 18,420,981	\$107,623,813
Changes for the year:			
Service Cost	3,038,141	-	3,038,141
Interest on the Total Pension Liability	5,090,989	-	5,090,989
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(3,356,003)	-	(3,356,003)
Changes of Assumptions	3,079,729	-	3,079,729
Contributions - Employer	-	3,081,599	(3,081,599)
Contributions - Employees	-	501,401	(501,401)
Net Investment Income	-	1,322,812	(1,322,812)
Benefit Payments, including Refunds of Employee Contributions	(4,352,878)	(4,352,878)	-
Other (Net Transfer)	-	(40,577)	40,577
Net Changes	3,499,978	512,357	2,987,621
Balances at December 31, 2016	<u>\$ 129,544,772</u>	<u>\$ 18,933,338</u>	<u>\$110,611,434</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability related to the firefighters' pension plan of the Village calculated using the discount rate of 4.11% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.11%) or one percentage point higher (5.11%) than the current rate:

	1% Decrease (3.11%)	Current Discount Rate (4.11%)	1% Increase (5.11%)
Net Pension Liability	\$ 132,905,592	\$ 110,611,434	\$ 92,951,033

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters' Pension Fund report.

Pension Expense, 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 \$7,841,549 related to the firefighters' pension plan. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,395,719
Changes of assumptions	8,760,398	-
Net difference between projected and actual earnings on pension plan investments	<u>748,749</u>	<u>49,368</u>
Total Deferred Amounts Related to Pensions	<u>\$ 9,509,147</u>	<u>\$ 3,445,087</u>

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

<u>Year Ended December 31</u>	
2017	\$ 1,434,346
2018	1,434,346
2019	1,434,343
2020	1,184,762
2021	589,004
Thereafter	(12,741)

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Self-Insurance

For health and workers compensation claims, the uninsured risk of loss is \$100,000 per incident and 125% in the aggregate for a policy year. The Village has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the Village participate in the risk management program. Costs are allocated by function of participating employees. The below liability includes \$43,337 of the component unit-library, \$157,123 of the business-type activity and \$1,208,217 of the governmental activities.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The Village does not allocate overhead costs or other non-incremental costs to the claims liability.

Claims Liability

	<u>Current Year</u>	<u>Prior Year</u>
Unpaid claims - Beginning of Year	\$ 1,331,525	\$ 1,806,418
Current year claims and changes in estimates	6,626,648	7,994,013
Claims payments	<u>(6,549,496)</u>	<u>(8,468,906)</u>
Unpaid claims - End of Year	<u>\$ 1,408,677</u>	<u>\$ 1,331,525</u>

C. COMMITMENTS AND CONTINGENCIES

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 Firefighters' Pension Fund is not currently involved with any lawsuits.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

The Police Pension Fund is currently involved with a disability benefits litigation. Although the outcome of these claims is presently not determinable, the Pension Fund believes that the resolution of this matter will not have an adverse effect on the financial condition of the Pension Fund.

The Village has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

D. OTHER POSTEMPLOYMENT BENEFITS

The Village administers a single-employer defined benefit healthcare plan. The plan provides for eligible retirees and their spouses through the Village's plan which covers both active and retired members. Benefit provisions are established through personnel policy guidelines.

Summary of Significant Accounting Policies

Basis of Accounting. The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Stand-alone plan financial statements have not been issued.

Method Used to Value Investments. Investments are reported at fair value. However, since the plan is currently funded as benefits or premiums occur, there are currently no assets in the plan.

Plan Contribution Information

Member of the plan consisted of the following at, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	162
Terminated plan members entitled to but not yet receiving benefits	-
Current employees	<u>269</u>
Total	<u><u>431</u></u>
Number of participating employers	1

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The Village provides 100 percent coverage for health, vision, and dental insurance for all retirees. The monthly cost to the Village ranges from \$747 up to \$2,679 per participant up to the age of 65. After the age of 65, the Village's insurance becomes secondary to Medicare and the cost to the Village is reduced to \$440 per month.

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 OPEB Cost

Annual Required Contribution (ARC)	\$ 8,145,439
Interest on net OPEB obligation	616,172
Adjustment to ARC	<u>(1,272,786)</u>
Annual OPEB Cost	7,488,825
Employer Contributions Made	<u>(4,075,187)</u>
Increase in Net OPEB Obligation	3,413,638
Net OPEB Obligation, Beginning of Year	<u>14,498,182</u>
Net OPEB Obligation, End of Year	<u><u>\$ 17,911,820</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2016	\$ 7,488,825	54%	\$ 17,911,820
December 31, 2015	6,423,884	42%	14,498,182
December 31, 2014	6,259,766	48%	10,758,347

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

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

Funded Status and Funding Progress -

Actuarial Accrued Liability (AAL)	\$ 92,650,063
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ 92,650,063
Funded Ratio	0%
Covered Payroll	<u>\$ 21,115,000</u>
UAAL as a Percentage of Covered Payroll	<u>439%</u>

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.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is 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 MELROSE PARK, ILLINOIS

Notes to financial statements
December 31, 2016

NOTE 4 – OTHER INFORMATION (continued)

E. TAX INCREMENT FINANCING DISTRICT

The Village of Melrose Park has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the Village and its surrounding areas. As part of the redevelopment plans, the Village has made significant improvements to utilities, public parking, intersections, and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly, and demolition/clearance.

Construction and development in the RPA's were the responsibility of developers and are substantially complete. To entice development of the areas, the Village created tax increment financing (TIF) districts to finance public improvements made within the RPA's.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

NOTE 5 – TAX REBATES

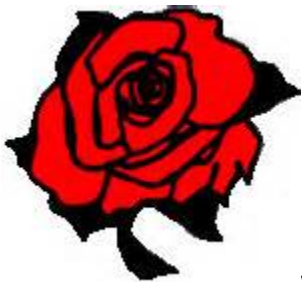
The Village has entered into sales tax rebate agreements in order to attract new retailers and restaurants. The agreements are pursuant to Section 8-11-20 of the Illinois Municipal Code (65 ILCS 5/8-11-20) and have been approved by the Village Board.

To be eligible for the rebate, the businesses must open locations within the Village's boundaries and submit sales tax information to the Village. The specific terms of the agreements vary, however, in general, they provide for the Village to rebate 0.5-60% of the sales tax generated by the locations within Melrose Park back to the businesses typically on a quarterly basis. Some of the agreements are subject to conditions such as the rebate not being measured until a certain threshold of sales is met. Total tax abatements were \$2,219,814.

The two largest abatements provide for annual abatements in excess of \$500,000 each. One of these agreements calls for a rebate of 50% of all Municipal Sales Taxes that the Village receives from the location in each calendar year during the repayment period (20 years commencing thirty days after the first certificate of occupancy is issued by the Village). Sales tax rebates under this agreement totaled \$1,052,567.

The other agreement calls for the Village to pay a sales tax rebate to the developer equal to one-half of one percent (0.5%) of all municipal sales taxes, provided that such rebates are paid only after the Developer makes the required investment (\$200,000 beyond the purchase price of the property to improve and enhance the property as a first quality commercial retail and service center establishment) to improve the property and if and to the extent that municipal sales taxes exceed the trigger amount (the first \$575,000 of municipal sales taxes generated) for the calendar year in question. Sales tax rebates under this agreement totaled \$531,814.

REQUIRED SUPPLEMENTARY INFORMATION



VILLAGE OF MELROSE PARK, ILLINOIS

VILLAGE OF MELROSE PARK, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Property	\$ 7,938,000	\$ 11,536,010	\$ 3,598,010
Sales	11,501,000	14,705,113	3,204,113
Utility	2,200,000	2,222,110	22,110
Telecommunication	700,000	669,375	(30,625)
Amusement	326,700	506,612	179,912
Intergovernmental	3,797,000	4,165,920	368,920
Licenses, permits and fees	928,500	1,811,157	882,657
Charges for services	313,200	1,120,689	807,489
Fines and forfeitures	1,775,000	2,461,095	686,095
Investment earnings	20,000	33,908	13,908
Miscellaneous	1,152,500	995,882	(156,618)
Total revenues	<u>30,651,900</u>	<u>40,227,871</u>	<u>9,575,971</u>
Expenditures			
Current			
General government	6,666,499	5,311,953	1,354,546
Refuse	1,850,000	1,841,154	8,846
Public safety	19,977,705	25,751,193	(5,773,488)
Highway and streets	3,096,174	3,645,375	(549,201)
Culture and recreation	1,254,450	1,806,788	(552,338)
Hispanic Liaison Center	230,100	255,274	(25,174)
Community development	250,000	2,956,202	(2,706,202)
Debt service- principal	215,000	251,378	(36,378)
Debt service- interest and fees	400,000	409,277	(9,277)
Total expenditures	<u>33,939,928</u>	<u>42,228,594</u>	<u>(8,288,666)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,288,028)</u>	<u>(2,000,723)</u>	<u>(1,287,305)</u>
Other Financing Sources (Uses)			
Loan proceeds	-	499,972	499,972
Transfers in	60,000	2,206,092	2,146,092
Transfers (out)	-	(2,089,559)	(2,089,559)
Total other financing sources (uses)	<u>60,000</u>	<u>616,505</u>	<u>56,533</u>
Net Change in Fund Balance	<u>\$ (3,228,028)</u>	<u>(1,384,218)</u>	<u>\$ (1,230,772)</u>
Fund Balance - Beginning of Year		<u>9,872,908</u>	
Fund Balance - End of Year		<u>\$ 8,488,690</u>	

VILLAGE OF MELROSE PARK, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2016

Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability										
Service cost	\$ 720,114	\$ 743,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,159,282	2,007,132	-	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual										
Experience	(161,828)	(549,303)	-	-	-	-	-	-	-	-
Changes of Assumptions	38,627	1,019,046	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member										
Contributions	(1,170,219)	(1,190,303)	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,585,976	2,030,562	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning	29,015,480	26,984,918	-	-	-	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 30,601,456	\$ 29,015,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - employer	\$ 732,788	\$ 733,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	310,481	286,680	-	-	-	-	-	-	-	-
Net Investment Income	137,287	1,588,784	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member										
Contributions	(1,170,219)	(1,190,303)	-	-	-	-	-	-	-	-
Administrative Expense	-	-	-	-	-	-	-	-	-	-
Other	(557,001)	(28,739)	-	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	\$ (546,664)	\$ 1,390,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	27,520,821	26,130,507	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 26,974,157	\$ 27,520,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability - Ending (a)-(b)	\$ 3,627,299	\$ 1,494,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.15%	94.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 6,444,927	\$ 6,367,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered-Employee Payroll	56.28%	23.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to required supplementary information

**VILLAGE OF MELROSE PARK, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE CONTRIBUTIONS
DECEMBER 31, 2016**

Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially Determined Contribution	\$ 732,788	\$ 739,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	732,788	733,892	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ 6,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 6,444,927	\$ 6,367,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-Employee Payroll	11.37%	11.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 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. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010
Mortality	RP-2000 Combined Healthy Mortality Table adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used.

VILLAGE OF MELROSE PARK, ILLINOIS
POLICE PENSION FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2016

Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability										
Service cost	\$ 3,096,037	\$ 2,914,663	\$ 3,055,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	4,533,832	3,937,589	3,729,059	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(6,471,840)	(232,186)	-	-	-	-	-	-	-	-
Changes of Assumptions	2,460,747	4,046,411	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(3,216,713)	(3,182,525)	(2,949,846)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	402,063	7,483,952	3,834,387	-	-	-	-	-	-	-
Total Pension Liability - Beginning	104,416,340	96,932,389	93,098,002	-	-	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 104,818,403	\$ 104,416,341	\$ 96,932,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - employer	\$ 2,544,568	\$ 2,344,781	\$ 1,931,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	616,461	606,618	756,019	-	-	-	-	-	-	-
Net Investment Income	443,851	(52,183)	1,223,223	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(3,216,713)	(3,182,525)	(2,949,846)	-	-	-	-	-	-	-
Administrative Expense	(57,193)	(54,130)	(58,112)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	\$ 330,974	\$ (337,439)	\$ 902,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	21,603,272	21,940,711	21,037,921	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 21,934,246	\$ 21,603,272	\$ 21,940,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability - Ending (a)-(b)	\$ 82,884,157	\$ 82,813,069	\$ 74,991,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	20.93%	20.69%	22.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 6,530,060	\$ 6,145,012	\$ 6,101,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered-Employee Payroll	1269.27%	1347.65%	1228.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**VILLAGE OF MELROSE PARK, ILLINOIS
POLICE PENSION FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE CONTRIBUTIONS
DECEMBER 31, 2016**

Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially Determined Contribution	\$ 3,907,689	\$ 3,626,693	\$ 3,370,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	2,544,568	2,344,781	1,931,506	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ 1,363,121	\$ 1,281,912	\$ 1,438,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 6,530,060	\$ 6,145,012	\$ 6,101,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered- Employee Payroll	38.97%	38.16%	31.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Amortization Target	100% Funded by 2033
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	4.00% - 23.94%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	Lauterbach & Amen, LLP Assumption Study for Police 2016

VILLAGE OF MELROSE PARK, ILLINOIS
FIREFIGHTERS' PENSION FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2016

Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability										
Service cost	\$ 3,038,141	\$ 3,214,142	\$ 3,202,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	5,090,989	4,264,327	4,136,830	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(3,356,003)	(827,482)	-	-	-	-	-	-	-	-
Changes of Assumptions	3,079,730	8,906,564	-	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(4,352,878)	(4,055,975)	(3,895,218)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	3,499,979	11,501,576	3,444,413	-	-	-	-	-	-	-
Total Pension Liability - Beginning	126,044,794	114,543,218	111,098,805	-	-	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 129,544,773	\$ 126,044,794	\$ 114,543,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - employer	\$ 3,081,599	\$ 2,828,716	\$ 2,310,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	501,401	496,897	477,120	-	-	-	-	-	-	-
Net Investment Income	1,322,812	30,595	1,392,764	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(4,352,878)	(4,055,975)	(3,895,218)	-	-	-	-	-	-	-
Administrative Expense	(40,577)	(42,370)	(50,625)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	\$ 512,357	\$ (742,137)	\$ 234,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	18,420,981	19,163,118	18,928,296	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 18,933,338	\$ 18,420,981	\$ 19,163,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability - Ending (a)-(b)	\$ 110,611,435	\$ 107,623,813	\$ 95,380,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	14.62%	14.61%	16.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 5,289,401	\$ 5,304,117	\$ 5,176,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered-Employee Payroll	2091.19%	2029.06%	1842.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to required supplementary information

**VILLAGE OF MELROSE PARK, ILLINOIS
FIREFIGHTERS' PENSION FUND
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE CONTRIBUTIONS
DECEMBER 31, 2016**

Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 4,195,708	\$ 3,862,790	\$ 3,605,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	3,081,599	2,828,716	2,310,781	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ 1,114,109	\$ 1,034,074	\$ 1,294,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 5,289,401	\$ 5,304,117	\$ 5,176,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-Employee Payroll	58.26%	53.33%	44.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Amortization Target	100% Funded by 2040
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	4.00% - 47.45%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	Lauterbach & Amen, LLP Assumption Study for Firefighters 2016

**VILLAGE OF MELROSE PARK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
OTHER POST EMPLOYMENT BENEFITS PLAN
AS OF DECEMBER 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2016	\$ -	\$ 92,650,063	\$ 92,650,063	0.00%	\$ 21,115,000	438.79%
12/31/2015	-	91,745,454	91,745,454	0.00%	20,500,000	447.54%
12/31/2014	-	76,302,738	76,302,738	0.00%	19,903,000	383.37%
12/31/2013	-	74,161,601	74,161,587	0.00%	18,955,000	391.25%

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members.

VILLAGE OF MELROSE PARK, ILLINOIS

Notes to required supplementary information
December 31, 2016

BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Budget amounts are as originally adopted by the Board of Trustees. All annual appropriations lapse as fiscal year end.

Prior to December 31, the Village Comptroller submits to the Village Board a proposed 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 December 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 increasing total fund expenditures 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 to 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 Comptroller is authorized to transfer budget amount between departments within any fund; however, the Village Board must approve revisions that alter the total expenditures of any fund.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the Fiscal Year ended December 31, 2016, expenditures exceeded appropriations in the following fund:

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures over Budget
General	\$33,939,928	\$42,228,594	\$8,288,666
Water & Sewer	14,041,128	20,554,053	6,512,925
Debt Service	2,318,355	4,251,902	1,933,547
E-911	470,000	746,827	276,827

These over expenditures will be funded by future general tax revenues except for the Water & Sewer fund for which operating revenues were sufficient to cover excess expenses.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**



VILLAGE OF MELROSE PARK, ILLINOIS

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Taxes			
Property	\$ 7,938,000	\$ 11,536,010	\$ 10,382,216
Sales	11,501,000	14,705,113	14,986,552
Utility	2,200,000	2,222,110	2,319,192
Telecommunication	700,000	669,375	678,992
Amusement	326,700	506,612	347,905
Total taxes	<u>22,665,700</u>	<u>29,639,220</u>	<u>28,714,857</u>
Intergovernmental			
State income tax	2,500,000	2,473,609	2,703,266
Personal property replacement tax	1,072,000	1,255,865	1,220,465
Gaming revenue	150,000	271,805	183,717
Miscellaneous grant revenue	75,000	164,641	3,045,342
Total intergovernmental	<u>3,797,000</u>	<u>4,165,920</u>	<u>7,152,790</u>
Licenses, Permits, and Fees			
Business licenses	178,250	550,426	531,989
Liquor licenses	25,000	213,400	200,300
Animal licenses	100	301	210
Contractor licenses	50,000	72,250	59,715
Building permit fees	400,000	440,381	369,899
Electrical permit fees	20,000	15,554	22,030
Permit fees	5,000	25,040	6,585
Inspection fees	19,000	27,467	20,987
Enforcement fees	100,000	119,125	145,940
Miscellaneous fees	38,150	34,659	65,705
Elevator inspection fees	18,000	10,200	21,970
Vehicle license fees	55,000	264,855	209,551
Sidewalk repair fees	20,000	37,499	13,505
Total licenses, permits and fees	<u>928,500</u>	<u>1,811,157</u>	<u>1,668,386</u>
Charges for Services			
Copy fees	40,000	28,028	30,754
Ambulance services	-	398,989	518,246
Senior fees	50,000	62,845	41,425
Franchise fees	105,000	177,308	116,415
Miscellaneous charges for services	8,200	15,918	16,229
Tower rental fees	50,000	64,636	71,330
Taste of Melrose Park	-	276,404	295,721
Civic center fees	60,000	96,561	118,552
Total charges for services	<u>313,200</u>	<u>1,120,689</u>	<u>1,208,672</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Fines and Forfeitures			
Court fines	\$ 50,000	\$ 22,707	\$ 35,853
Violation fines	1,725,000	2,438,388	2,362,517
Total fines and forfeitures	1,775,000	2,461,095	2,398,370
Investment Income			
Interest	20,000	33,908	26,533
Total investment income	20,000	33,908	26,533
Miscellaneous			
Sale of capital assets	5,000	-	-
Miscellaneous	1,147,500	995,882	1,325,887
Total miscellaneous	1,152,500	995,882	1,325,887
Total revenues	\$ 30,651,900	\$ 40,227,871	\$ 42,495,495

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Expenditures			
General Government			
Mayor			
Regular wages	\$ 56,000	\$ 56,000	\$ 56,000
Miscellaneous	600	-	-
Total mayor	<u>56,600</u>	<u>56,000</u>	<u>56,000</u>
Trustees			
Regular wages	117,100	116,401	117,101
Risk management	2,500	-	-
Total trustees	<u>119,600</u>	<u>116,401</u>	<u>117,101</u>
Village Clerk's Office			
Regular wages	35,500	35,500	35,500
Professional services	700	260	2,500
Commodities	800	-	753
Miscellaneous	2,975	166	1,450
Total village clerk's office	<u>39,975</u>	<u>35,926</u>	<u>40,203</u>
Liquor Commission			
Regular wages	44,000	44,000	44,000
Total liquor commission	<u>44,000</u>	<u>44,000</u>	<u>44,000</u>
Village Attorney			
Professional services	156,500	80,738	10,233
Miscellaneous	15,500	-	19,106
Total village attorney	<u>172,000</u>	<u>80,738</u>	<u>29,339</u>
Village Prosecutor			
Regular wages	97,600	103,600	97,600
Total village prosecutor	<u>97,600</u>	<u>103,600</u>	<u>97,600</u>
Village Treasurer			
Regular wages	4,500	4,500	4,500
Total village treasurer	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
General Government (cont.)			
Finance and Administration			
Regular wages	\$ 822,722	\$ 764,620	\$ 700,197
Benefits	456,000	462,958	531,809
Contractual services	95,000	197,232	116,229
Professional services	520,000	489,613	920,283
Repairs and maintenance	135,250	51,356	139,255
Commodities	171,500	334,749	283,095
Utilities	350,600	566,663	468,596
Risk management	551,000	675,292	1,104,347
Miscellaneous	21,000	25,080	36,844
Capital outlay	40,000	16,324	27,240
Interdepartmental charge	-	(863,612)	(836,933)
Total finance and administration	<u>3,163,072</u>	<u>2,720,275</u>	<u>3,490,962</u>
Village Hall			
Miscellaneous	<u>25,000</u>	<u>4,724</u>	<u>9,734</u>
Total village hall	<u>25,000</u>	<u>4,724</u>	<u>9,734</u>
IMRF/Social Security			
Benefits	1,400,500	1,424,078	1,455,807
Interdepartmental charge	<u>-</u>	<u>(426,914)</u>	<u>(484,545)</u>
Total IMRF/social security	<u>1,400,500</u>	<u>997,164</u>	<u>971,262</u>
Public Relations			
Contractual services	10,000	-	100
Professional services	16,000	-	12,700
Commodities	51,500	69,977	50,920
Miscellaneous	<u>750</u>	<u>-</u>	<u>-</u>
Total public relations	<u>78,250</u>	<u>69,977</u>	<u>63,720</u>
Building Department			
Regular wages	725,352	654,725	727,583
Benefits	503,000	384,596	433,784
Contractual services	3,400	-	40
Professional services	154,650	27,661	85,871
Repairs and maintenance	30,000	38,798	28,491
Commodities	8,500	6,682	8,696
Utilities	20,000	11,973	17,177
Program costs	500	-	-
Miscellaneous	16,000	20,041	11,297
Capital outlay	4,000	338	-
Interdepartmental Charge	<u>-</u>	<u>(66,166)</u>	<u>(63,970)</u>
Total building department	<u>1,465,402</u>	<u>1,078,648</u>	<u>1,248,969</u>
Total general government	<u>6,666,499</u>	<u>5,311,953</u>	<u>6,173,390</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Public Safety			
Police department			
Regular wages	\$ 7,101,042	\$ 7,039,879	\$ 6,902,199
Overtime wages	150,500	203,990	143,509
Benefits	2,342,000	2,991,412	2,768,134
Retirement contributions	480,000	2,584,560	2,344,778
Contractual services	99,000	107,337	101,077
Professional services	124,500	89,171	82,823
Repairs and maintenance	150,500	140,029	127,060
Commodities	205,500	145,035	187,456
Utilities	220,000	235,325	302,352
Animal control	100	2,399	-
Miscellaneous	12,750	28,890	97,071
Risk management	100,000	-	-
Program costs	-	44,529	-
Capital outlay	138,500	88,770	200,310
Interdepartmental charge	-	(5,949)	(5,916)
Total police department	<u>11,124,392</u>	<u>13,695,377</u>	<u>13,250,853</u>
Fire department			
Regular wages	5,400,490	5,386,527	5,294,233
Overtime wages	55,000	73,555	60,351
Benefits	1,560,000	1,831,682	2,067,669
Retirement contributions	480,000	3,121,599	2,828,716
Professional services	933,450	962,934	969,162
Repairs and maintenance	95,000	273,999	286,630
Commodities	6,000	9,603	11,807
Utilities	34,000	27,849	27,894
EMS services	10,000	17,857	22,195
Training and education	9,000	12,217	6,748
Miscellaneous	500	13,455	8,382
Annual physicals	15,000	-	-
Capital outlay	15,250	515,302	276,077
Interdepartmental charge	-	(395,232)	(381,894)
Total fire department	<u>8,613,690</u>	<u>11,851,347</u>	<u>11,477,970</u>
Safety and prevention			
Professional services	600	445	944
Repairs and maintenance	3,000	1,261	178
Commodities	500	97	274
Training and education	1,000	108	320
Total safety and prevention	<u>5,100</u>	<u>1,911</u>	<u>1,716</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Public Safety (cont.)			
Civil defense			
Regular wages	\$ 12,400	\$ 12,399	\$ 12,400
Benefits	4,250	3,388	1,862
Professional services	2,800	211	211
Repairs and maintenance	27,500	30,989	23,327
Commodities	13,500	6,619	10,058
Utilities	19,500	12,219	14,422
Miscellaneous	5,700	496	1,161
Capital outlay	4,500	2,123	9,483
Total civil defense	<u>90,150</u>	<u>68,444</u>	<u>72,924</u>
Youth commission			
Regular wages	70,523	59,945	50,509
Board compensation	12,100	10,760	10,400
Professional services	1,000	1,148	900
Commodities	1,000	4,326	680
Utilities	1,500	1,995	1,626
Miscellaneous	8,500	7,890	11,620
Total youth commission	<u>94,623</u>	<u>86,064</u>	<u>75,735</u>
Fire and police commission			
Board compensation	23,200	23,200	23,200
Professional services	10,000	10,375	22,299
Total fire and police commission	<u>33,200</u>	<u>33,575</u>	<u>45,499</u>
Planning commission			
Board compensation	12,050	13,275	12,000
Total planning commission	<u>12,050</u>	<u>13,275</u>	<u>12,000</u>
Senior commission			
Board compensation	4,500	1,200	1,200
Total senior commission	<u>4,500</u>	<u>1,200</u>	<u>1,200</u>
Total public safety	<u>19,977,705</u>	<u>25,751,193</u>	<u>24,937,897</u>
Culture and Recreation			
Horticulture			
Professional services	4,500	7,177	4,868
Repairs and maintenance	7,000	6,052	8,975
Commodities	30,000	62,944	76,825
Capital outlay	5,000	523	7,712
Total horticulture	<u>46,500</u>	<u>76,696</u>	<u>98,380</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Culture and Recreation (cont.)			
Environmental control			
Professional services	\$ 8,400	\$ 8,003	\$ 7,200
Total environmental control	<u>8,400</u>	<u>8,003</u>	<u>7,200</u>
Health department			
Regular wages	<u>12,800</u>	<u>53,380</u>	<u>20,522</u>
Total health department	<u>12,800</u>	<u>53,380</u>	<u>20,522</u>
Taste of Melrose			
Contractual services	-	100	539
Professional services	-	160,448	97,737
Repairs and maintenance	-	79,105	92,098
Commodities	-	58,439	18,014
Donations	-	59,297	-
Miscellaneous	<u>50,000</u>	<u>(38,737)</u>	<u>154,144</u>
Total Taste of Melrose	<u>50,000</u>	<u>318,652</u>	<u>362,532</u>
Senior Building			
Professional services	16,750	27,140	26,076
Repairs and maintenance	72,250	84,563	102,363
Commodities	<u>8,100</u>	<u>5,872</u>	<u>6,716</u>
Total senior building	<u>97,100</u>	<u>117,575</u>	<u>135,155</u>
Civic Center			
Regular wages	470,650	509,423	436,747
Overtime wages	11,500	8,715	5,933
Benefits	275,000	322,684	378,019
Contractual services	47,000	48,662	100,323
Professional services	140,000	197,476	196,522
Repairs and maintenance	41,750	81,114	131,232
Commodities	2,250	3,229	6,700
Utilities	40,000	46,266	52,891
Miscellaneous	<u>11,500</u>	<u>14,913</u>	<u>29,685</u>
Total civic center	<u>1,039,650</u>	<u>1,232,482</u>	<u>1,338,052</u>
Total culture and recreation	<u>1,254,450</u>	<u>1,806,788</u>	<u>1,961,841</u>
Highways and Streets			
Ornamental and street lighting			
Regular wages	282,974	299,799	286,121
Overtime wages	3,000	2,815	2,840
Benefits	145,320	147,183	165,240
Repairs and maintenance	<u>67,100</u>	<u>38,003</u>	<u>36,865</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Highways and Streets (cont.)			
Ornamental and street lighting (cont.)			
Commodities	\$ 12,500	\$ 18,278	\$ 11,672
Utilities	235,000	296,377	196,547
Capital outlay	30,000	12,007	10,574
Total ornamental and street lighting	<u>775,894</u>	<u>814,462</u>	<u>709,859</u>
Mini-Bus Administrative			
Regular wages	98,146	101,272	99,296
Benefits	28,200	29,022	32,691
Total mini-bus administrative	<u>126,346</u>	<u>130,294</u>	<u>131,987</u>
Street and Bridge			
Regular wages	858,684	1,047,144	1,079,393
Overtime wages	40,000	39,272	44,357
Benefits	503,500	588,843	635,096
Travel and education	250	-	-
Professional services	161,000	1,992,050	691,123
Repairs and maintenance	128,000	282,096	269,928
Commodities	260,000	283,658	274,112
Utilities	12,500	4,641	10,816
Equipment rental	40,000	129,405	104,164
Risk management	20,000	18,190	18,257
Miscellaneous	40,000	4,592	17,208
Capital outlay	130,000	62,110	9,500
Interdepartmental charge	-	(1,751,382)	(1,551,356)
Total street and bridge	<u>2,193,934</u>	<u>2,700,619</u>	<u>1,602,598</u>
Total highways and street	<u>3,096,174</u>	<u>3,645,375</u>	<u>2,444,444</u>
Refuse			
Professional services	1,850,000	1,841,154	1,807,668
Total refuse	<u>1,850,000</u>	<u>1,841,154</u>	<u>1,807,668</u>
Hispanic Liaison Center			
Regular wages	176,600	166,772	153,328
Professional services	40,000	52,549	54,271
Commodities	8,000	28,449	5,342
Repairs and maintenance	5,500	7,504	4,461
	<u>230,100</u>	<u>255,274</u>	<u>217,402</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Community Development			
Economic incentive	\$ 250,000	\$ 2,956,202	\$ 2,686,864
Total community development	<u>250,000</u>	<u>2,956,202</u>	<u>2,686,864</u>
Debt Service			
Principal	215,000	251,378	541,473
Interest and fees	<u>400,000</u>	<u>409,277</u>	<u>397,545</u>
Total debt service	<u>615,000</u>	<u>660,655</u>	<u>939,018</u>
 Total expenditures	 <u>\$ 33,939,928</u>	 <u>\$ 42,228,594</u>	 <u>\$ 41,168,524</u>

VILLAGE OF MELROSE PARK, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Special Revenue						
	Motor Fuel Tax	E-911	Joyce Brothers TIF District	9th & North Avenue TIF District	Lake Street Corridor TIF	Zenith Opus TIF District	Senior First TIF District
Assets							
Cash and investments	\$ 1,282,023	\$ 1,171,638	\$ 3	\$ -	\$ 281,246	\$ 639,876	\$ 917,395
Prepaid expenses	-	63,267	-	-	-	-	-
Receivables (net)							
Intergovernmental	60,282	-	-	-	-	-	-
Due from other funds	-	-	47,251	-	1,071,464	-	321,540
Total assets	<u>\$ 1,342,305</u>	<u>\$ 1,234,905</u>	<u>\$ 47,254</u>	<u>\$ -</u>	<u>\$ 1,352,710</u>	<u>\$ 639,876</u>	<u>\$ 1,238,935</u>
Liabilities							
Accounts payable	\$ 61,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-	-	-
Due to other funds	1,968,050	4,074,381	-	-	-	682,445	1,979,625
Total liabilities	<u>2,029,718</u>	<u>4,074,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,445</u>	<u>1,979,625</u>
Fund Balances							
Nonspendable	-	63,267	-	-	-	-	-
Restricted	-	-	47,254	-	1,352,710	-	-
Unassigned	(687,413)	(2,902,743)	-	-	-	(42,569)	(740,690)
Total fund balances	<u>(687,413)</u>	<u>(2,839,476)</u>	<u>47,254</u>	<u>-</u>	<u>1,352,710</u>	<u>(42,569)</u>	<u>(740,690)</u>
Total liabilities and fund balances	<u>\$ 1,342,305</u>	<u>\$ 1,234,905</u>	<u>\$ 47,254</u>	<u>\$ -</u>	<u>\$ 1,352,710</u>	<u>\$ 639,876</u>	<u>\$ 1,238,935</u>

VILLAGE OF MELROSE PARK, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Mid Metro TIF District	25TH & North Avenue TIF District	Chicago Ave & Superior TIF	Ruby Street TIF	2003 MFT Bond	
Assets						
Cash and investments	\$ 2,950,278	\$ -	\$ 1,296,169	\$ 4,287	\$ 2	\$ 8,542,917
Prepaid expenses	-	-	-	-	-	63,267
Receivables (net)				-		
Intergovernmental	-	-	-	-	-	60,282
Due from other funds	-	-	57,238	-	-	1,497,493
Total assets	<u>\$ 2,950,278</u>	<u>\$ -</u>	<u>\$ 1,353,407</u>	<u>\$ 4,287</u>	<u>\$ 2</u>	<u>\$ 10,163,959</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,668
Other liabilities	73,527	-	-	-	-	73,527
Due to other funds	<u>2,013,222</u>	<u>321,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,039,263</u>
Total liabilities	<u>2,086,749</u>	<u>321,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,174,458</u>
Fund Balances						
Nonspendable	-	-	-	-	-	63,267
Restricted	863,529	-	1,353,407	4,287	2	3,621,189
Unassigned	<u>-</u>	<u>(321,540)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,694,955)</u>
Total fund balances	<u>863,529</u>	<u>(321,540)</u>	<u>1,353,407</u>	<u>4,287</u>	<u>2</u>	<u>(1,010,499)</u>
Total liabilities and fund balances	<u>\$ 2,950,278</u>	<u>\$ -</u>	<u>\$ 1,353,407</u>	<u>\$ 4,287</u>	<u>\$ 2</u>	<u>\$ 10,163,959</u>

VILLAGE OF MELROSE PARK, ILLINIOS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue						
	Motor Fuel Tax	E-911	Joyce Brothers TIF District	9th & North Avenue TIF District	Lake Street Corridor TIF	Zenith Opus TIF District	Senior First TIF District
Revenues							
Property taxes - general	\$ -	\$ -	\$ 84,126	\$ 840,400	\$ 38,953	\$ 425,267	\$ 1,140,816
Charges for services	-	175,229	-	-	-	-	-
Investment income	1,073	-	94	481	281	55	86
Other revenues	-	-	-	-	-	182,355	-
Grants	108,137	-	-	-	-	-	-
Motor fuel tax	668,700	-	-	-	-	-	-
Total revenues	<u>777,910</u>	<u>175,229</u>	<u>84,220</u>	<u>840,881</u>	<u>39,234</u>	<u>607,677</u>	<u>1,140,902</u>
Expenditures							
Current							
Public safety	-	746,827	-	-	-	-	-
Highway and streets	606,947	-	-	-	-	-	-
Community development	-	-	-	818,922	98,390	98,464	140,912
Debt service							
Principal	-	-	-	-	-	510,000	295,000
Interest and fees	-	-	-	-	-	-	275,743
Total expenditures	<u>606,947</u>	<u>746,827</u>	<u>-</u>	<u>818,922</u>	<u>98,390</u>	<u>608,464</u>	<u>711,655</u>
Excess (Deficiency) of Revenues over Expenditures	<u>170,963</u>	<u>(571,598)</u>	<u>84,220</u>	<u>21,959</u>	<u>(59,156)</u>	<u>(787)</u>	<u>429,247</u>
Other Financing Sources (Uses)							
Bond proceeds	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-	-
Transfers in	-	-	-	-	589,849	125,000	165,400
Transfers out	<u>(212,758)</u>	<u>-</u>	<u>(314,359)</u>	<u>(840,883)</u>	<u>(525,000)</u>	<u>(153,517)</u>	<u>(1,742,239)</u>
Total other financing sources (uses)	<u>(212,758)</u>	<u>-</u>	<u>(314,359)</u>	<u>(840,883)</u>	<u>64,849</u>	<u>(28,517)</u>	<u>(1,576,839)</u>
Net Change in Fund Balances	<u>(41,795)</u>	<u>(571,598)</u>	<u>(230,139)</u>	<u>(818,924)</u>	<u>5,693</u>	<u>(29,304)</u>	<u>(1,147,592)</u>
Fund Balances - Beginning of Year	<u>(645,618)</u>	<u>(2,267,878)</u>	<u>277,393</u>	<u>818,924</u>	<u>1,347,017</u>	<u>(13,265)</u>	<u>406,902</u>
Fund Balances - End of Year	<u>\$ (687,413)</u>	<u>\$ (2,839,476)</u>	<u>\$ 47,254</u>	<u>\$ -</u>	<u>\$ 1,352,710</u>	<u>\$ (42,569)</u>	<u>\$ (740,690)</u>

VILLAGE OF MELROSE PARK, ILLINIOS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Mid Metro TIF District	25TH & North Avenue TIF District	Chicago Ave & Superior TIF	Ruby Street TIF	2003 MFT Bond	
Revenues						
Property taxes - general	\$ 1,473,070	\$ 481,997	\$ 1,871,347	\$ 129,198	\$ -	\$ 6,485,174
Charges for services	658,990	-	-	-	-	834,219
Investment income	217	-	2,462	89	-	4,838
Other revenues	-	-	-	-	-	182,355
Grants	-	-	-	-	-	108,137
Motor fuel tax	-	-	-	-	-	668,700
Total revenues	<u>2,132,277</u>	<u>481,997</u>	<u>1,873,809</u>	<u>129,287</u>	<u>-</u>	<u>8,283,423</u>
Expenditures						
Current						
Public safety	-	-	-	-	-	746,827
Highway and streets	-	-	-	-	-	606,947
Community development	502,535	-	-	-	-	1,659,223
Debt service						
Principal	650,900	1,759,100	-	-	-	3,215,000
Interest and fees	75,431	427,645	-	-	-	778,819
Total expenditures	<u>1,228,866</u>	<u>2,186,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,006,816</u>
Excess (Deficiency) of Revenues over Expenditures	<u>903,411</u>	<u>(1,704,748)</u>	<u>1,873,809</u>	<u>129,287</u>	<u>-</u>	<u>1,276,607</u>
Other Financing Sources (Uses)						
Bond proceeds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-
Transfers in	731,997	2,186,745	-	-	-	3,798,991
Transfers out	<u>(2,274,075)</u>	<u>(481,997)</u>	<u>(589,849)</u>	<u>(125,000)</u>	<u>-</u>	<u>(7,259,677)</u>
Total other financing sources (uses)	<u>(1,542,078)</u>	<u>1,704,748</u>	<u>(589,849)</u>	<u>(125,000)</u>	<u>-</u>	<u>(3,460,686)</u>
Net Change in Fund Balances	<u>(638,667)</u>	<u>-</u>	<u>1,283,960</u>	<u>4,287</u>	<u>-</u>	<u>(2,184,079)</u>
Fund Balances - Beginning of Year	<u>1,502,196</u>	<u>(321,540)</u>	<u>69,447</u>	<u>-</u>	<u>2</u>	<u>1,173,580</u>
Fund Balances - End of Year	<u>\$ 863,529</u>	<u>\$ (321,540)</u>	<u>\$ 1,353,407</u>	<u>\$ 4,287</u>	<u>\$ 2</u>	<u>\$ (1,010,499)</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Motor fuel tax	\$ 1,100,000	\$ 668,700	\$ 673,136
Grants	-	108,137	259,554
Interest	300	1,073	423
Total revenues	<u>1,100,300</u>	<u>777,910</u>	<u>933,113</u>
Expenditures			
Highway and streets			
Professional services	525,000	606,947	592,108
Debt service	216,000	-	-
Other	-	-	215
Total expenditures	<u>741,000</u>	<u>606,947</u>	<u>592,323</u>
Excess (Deficiency) of Revenues over Expenditures	<u>359,300</u>	<u>170,963</u>	<u>340,790</u>
Other Financing Sources (Uses)			
Transfers (out)	<u>(120,000)</u>	<u>(212,758)</u>	<u>(157,144)</u>
Total other financing sources (uses)	<u>(120,000)</u>	<u>(212,758)</u>	<u>(157,144)</u>
Change in Fund Balance	<u>\$ 239,300</u>	<u>(41,795)</u>	<u>183,646</u>
Fund Balance			
Beginning of Year		<u>(645,618)</u>	<u>(829,264)</u>
End of Year		<u>\$ (687,413)</u>	<u>\$ (645,618)</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
E-911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
E-911 revenue	\$ 275,000	\$ 175,229	\$ 189,243
Total revenues	<u>275,000</u>	<u>175,229</u>	<u>189,243</u>
Expenditures			
Public safety			
E-911			
Professional services	470,000	746,827	722,747
Total expenditures	<u>470,000</u>	<u>746,827</u>	<u>722,747</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(195,000)</u>	<u>(571,598)</u>	<u>(533,504)</u>
Change in Fund Balance	<u>\$ (195,000)</u>	<u>(571,598)</u>	<u>(533,504)</u>
Fund Balance			
Beginning of Year		<u>(2,267,878)</u>	<u>(1,734,374)</u>
End of Year		<u>\$ (2,839,476)</u>	<u>\$ (2,267,878)</u>

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015
	Final Budget	Actual	Actual
Revenues			
Property taxes - general	\$ 2,015,000	\$ 1,783,707	\$ 1,688,360
Interest	-	190	226
Total revenues	<u>2,015,000</u>	<u>1,783,897</u>	<u>1,688,586</u>
Expenditures			
Debt service - principal	1,350,000	3,015,000	2,960,000
Debt service - interest and fees	<u>968,355</u>	<u>1,236,902</u>	<u>1,086,575</u>
Total expenditures	<u>2,318,355</u>	<u>4,251,902</u>	<u>4,046,575</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(303,355)</u>	<u>(2,468,005)</u>	<u>(2,357,989)</u>
Other Financing Sources (Uses)			
Bond proceeds	-	3,660,000	-
Bond premium	-	7,670	-
Payment to Refunded Debt Escrow Agent	-	(3,455,000)	-
Transfers in	-	4,379,718	3,486,197
Transfers out	<u>-</u>	<u>(1,050,850)</u>	<u>(1,054,250)</u>
Total other financing sources (uses)	<u>-</u>	<u>3,541,538</u>	<u>2,431,947</u>
Change in Fund Balance	<u>\$ (303,355)</u>	<u>1,073,533</u>	<u>73,958</u>
Fund Balance			
Beginning of Year		<u>4,142,808</u>	<u>4,068,850</u>
End of Year		<u>\$ 5,216,341</u>	<u>\$ 4,142,808</u>

**VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016		2015
	Final Budget	Actual	Actual
Operating Revenues			
Water and sewer sales	\$ 21,685,895	\$ 25,731,524	\$ 24,974,828
Meter sales	60,000	101,006	99,709
Other charges	-	-	45,409
Total operating revenues	<u>21,745,895</u>	<u>25,832,530</u>	<u>25,119,946</u>
Operating Expenses			
Cost of sales and services - water			
Regular wages	805,663	800,108	818,516
Overtime wages	30,000	48,489	37,270
Insurance - employee fringe	333,000	430,310	420,669
Professional services	55,000	53,393	96,973
Repairs and maintenance	265,500	247,889	158,434
Purchased water	10,090,503	11,069,644	10,672,979
Commodities	-	-	-
Utilities	375,000	301,486	326,574
Operating supplies	10,000	13,036	7,180
Mains and hydrants	170,000	88,438	115,441
Miscellaneous	200,750	216	3,020
Machinery and equipment - other	2,500	-	-
Total cost of sales and services - water	<u>12,337,916</u>	<u>13,053,009</u>	<u>12,657,056</u>
Cost of sales and services - sewer			
Regular wages	358,562	316,942	357,704
Overtime wages	10,000	7,948	-
Benefits	210,000	214,521	209,566
Professional services	46,000	51,814	43,107
Repairs and maintenance	238,000	134,333	153,501
Commodities	25,500	12,179	23,004
Utilities	-	-	58,082
Miscellaneous	500	405,107	1,703
Non depreciable capital expenditures	1,000	-	1,414
Total cost of sales and services - sewer	<u>889,562</u>	<u>1,142,844</u>	<u>848,081</u>
General administration			
Regular wages	223,650	234,436	223,389
Benefits	200,000	990,529	995,723
Interdepartmental charges	-	3,509,255	3,324,614
Professional services	15,000	287,421	305,263
Repairs and maintenance	25,000	194,384	107,382
Operating supplies	21,000	22,965	19,371
Risk management	200,000	215,569	216,357
Miscellaneous	4,000	13,464	7,840
Total general administration	<u>688,650</u>	<u>5,468,023</u>	<u>5,199,939</u>

**VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION- BUDGET AND ACTUAL
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016		2015
	Final Budget	Actual	Actual
Operating Expenses (cont.)			
Water and sewer facilities			
Repairs and maintenance	\$ 50,000	\$ 43,610	\$ -
Utilities	75,000	47,008	-
Depreciation	-	884,397	890,854
Total water and sewer facilities	125,000	975,015	890,854
Total operating expenses	14,041,128	20,638,891	19,595,930
Operating Income (Loss)	7,704,767	5,193,639	5,524,016
Non-Operating Revenues (Expenses)			
Investment income	-	78	20
Interest expense	(588,879)	(435,824)	(460,566)
Amortization of bond cost and fees	-	(19,706)	(19,705)
Total non-operating revenues (expenses)	(588,879)	(455,452)	(480,251)
Net Income Before Transfers	7,115,888	4,738,187	5,043,765
Transfers			
Transfers (out)	-	15,285	-
Total transfers	-	15,285	-
Change in Net Position	\$ 7,115,888	4,753,472	5,043,765
Net Position			
Beginning of Year		49,475,671	44,431,906
End of Year		\$ 54,229,143	\$ 49,475,671

VILLAGE OF MELROSE PARK, ILLINOIS
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2016

	Police Pension	Firefighters' Pension	Total
Assets			
Cash and cash equivalents	\$ 2,520,602	\$ 793,657	\$ 3,314,259
Investments			
State and local obligations	107,524	247,660	355,184
U.S. government and agency obligations	1,865,670	3,343,663	5,209,333
Insurance company contracts	8,867,904	-	8,867,904
Equity mutual funds	6,299,831	12,649,809	18,949,640
Corporate bonds	2,268,778	1,871,875	4,140,653
Receivables (net)			
Accrued interest	23,231	33,290	56,521
Prepaid items	1,384	2,924	4,308
Total assets	<u>21,954,924</u>	<u>18,942,878</u>	<u>40,897,802</u>
Liabilities			
Expenses Due/Unpaid	<u>20,678</u>	<u>9,539</u>	<u>30,217</u>
Total liabilities	<u>20,678</u>	<u>9,539</u>	<u>30,217</u>
Net Position Held in Trust for Pension Benefits	<u><u>\$ 21,934,246</u></u>	<u><u>\$ 18,933,339</u></u>	<u><u>\$ 40,867,585</u></u>

VILLAGE OF MELROSE PARK, ILLINOIS
COMBINING SCHEDULE OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 2,544,568	\$ 3,081,599	\$ 5,626,167
Plan members	616,461	501,401	1,117,862
Total contributions	<u>3,161,029</u>	<u>3,583,000</u>	<u>6,744,029</u>
Investment Income			
Interest and dividends earned	294,858	463,871	758,729
Net increase (decrease) in fair value	197,817	885,876	1,083,693
Total investment income	492,675	1,349,747	1,842,422
Less investment expense	(48,823)	(26,934)	(75,757)
Net investment earnings	<u>443,852</u>	<u>1,322,813</u>	<u>1,766,665</u>
Total additions	<u>3,604,881</u>	<u>4,905,813</u>	<u>8,510,694</u>
Deductions			
Administration	57,194	40,577	97,771
Benefits	<u>3,216,713</u>	<u>4,352,878</u>	<u>7,569,591</u>
Total deductions	<u>3,273,907</u>	<u>4,393,455</u>	<u>7,667,362</u>
Change in Net Position	<u>330,974</u>	<u>512,358</u>	<u>843,332</u>
Net Position Held in Trust for Pension Benefits			
Beginning of Year	<u>21,603,272</u>	<u>18,420,981</u>	<u>40,024,253</u>
End of Year	<u>\$ 21,934,246</u>	<u>\$ 18,933,339</u>	<u>\$ 40,867,585</u>

VILLAGE OF MELROSE PARK, ILLINOIS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
VILLAGE LIBRARY
DECEMBER 31, 2016

Assets

Property tax receivable	\$ 986,762
Prepaid expenses	8,740
Total assets	<u>\$ 995,502</u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities	
Accounts payable	\$ 27,056
Cash overdraft	400,415
Claims payable	43,337
Due to other governments	344,907
Total liabilities	<u>815,715</u>

Deferred Inflows of Resources

Unearned revenues	985,700
Total deferred inflows of resources	<u>985,700</u>

Fund balance

Unreserved fund balance	<u>(805,913)</u>
-------------------------	------------------

Total liabilities, deferred inflows of resources and fund balance	<u>\$ 995,502</u>
---	-------------------

Reconciliation to Statement of Net Position

Total fund balance - governmental fund (from above)	\$ (805,913)
--	---------------------

Amounts reported from the discretely presented component unit in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets	\$ 1,243,187	
Accumulated depreciation	<u>(768,953)</u>	
Net capital assets		<u>474,234</u>

Net position of component unit	\$ <u>(331,679)</u>
---------------------------------------	----------------------------

VILLAGE OF MELROSE PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT
VILLAGE LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2016

Revenues

Property tax revenue	\$ 975,470
Grant revenue	19,588
Miscellaneous revenue	<u>13,404</u>
Total revenues	<u>1,008,462</u>

Expenditures

Current	
Culture and recreation	<u>1,028,215</u>
Total expenditures	<u>1,028,215</u>

Net Change in Fund Balance	<u>(19,753)</u>
-----------------------------------	-----------------

Fund Balance - Beginning of Year	<u>(786,160)</u>
---	------------------

Fund Balance - End of Year	<u><u>\$ (805,913)</u></u>
-----------------------------------	----------------------------

Reconciliation to Statement of Activities

Total net change in fund balance - governmental fund (from above)	\$ (19,753)
--	-------------

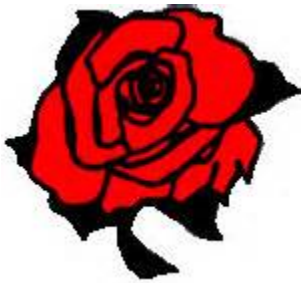
Amounts reported from the discretely presented component unit
in the Statement of Net Position are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the Statement of Activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense

Depreciation expense	<u>(18,756)</u>
----------------------	-----------------

Change in net position of component unit	<u><u>\$ (38,509)</u></u>
---	---------------------------

OTHER INFORMATION



VILLAGE OF MELROSE PARK, ILLINOIS

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION TAX INCREMENT BONDS
(ALTERNATIVE REVENUE SOURCE), SERIES 2001A**

Fiscal Year	Capital Appreciation Bonds				
	Original Principal	Accretion To Date	Currently Payable	Future Accretion	CAB Total
2017	\$ 417,916	\$ 348,232	\$ 766,148	\$ 233,852	\$ 1,000,000
2018	331,272	282,571	613,843	236,157	850,000
2019	548,897	473,665	1,022,562	477,438	1,500,000
2020	514,879	449,456	964,335	535,665	1,500,000
Total	<u>\$ 1,812,964</u>	<u>\$ 1,553,924</u>	<u>\$ 3,366,888</u>	<u>\$ 1,483,112</u>	<u>\$ 4,850,000</u>

Original Amount of Issue: \$ 2,774,103

Bonds Due: December 15th

Interest Dates: June 15th, December 15th

Interest Rates: 4.30% - 5.15%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION TAX INCREMENT BONDS
(ALTERNATIVE REVENUE SOURCE), SERIES 2003C**

Fiscal Year	Capital Appreciation Bonds				
	Original Principal	Accretion To Date	Currently Payable	Future Accretion	CAB Total
2017	\$ 277,551	\$ 153,365	\$ 430,916	\$ 119,084	\$ 550,000
2018	260,494	147,505	407,999	142,001	550,000
2019	246,991	142,589	389,580	165,420	555,000
2020	262,606	154,881	417,487	212,513	630,000
2021	215,105	128,974	344,079	205,921	550,000
2022	225,373	137,351	362,724	252,276	615,000
2023	385,363	237,574	622,937	467,063	1,090,000
Total	<u>\$ 1,873,483</u>	<u>\$ 1,102,239</u>	<u>\$ 2,975,722</u>	<u>\$ 1,564,278</u>	<u>\$ 4,540,000</u>

Original Amount of Issue:	\$ 2,301,680
Bonds Due:	December 15
Interest Dates:	December 15
Interest Rates:	4.70% - 5.40%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION TAX INCREMENT BONDS
(ALTERNATIVE REVENUE SOURCE), SERIES 2004A**

Fiscal Year	Principal	Interest	Total
2017	\$ 315,000	\$ 183,600	\$ 498,600
2018	340,000	162,338	502,338
2019	360,000	139,388	499,388
2020	385,000	115,088	500,088
2021	410,000	89,100	499,100
2022	440,000	61,425	501,425
2023	<u>470,000</u>	<u>31,725</u>	<u>501,725</u>
Total	<u>\$ 2,720,000</u>	<u>\$ 782,664</u>	<u>\$ 3,502,664</u>

Original Amount of Issue: \$ 4,800,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 6.75%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION TAX INCREMENT BONDS
(ALTERNATIVE REVENUE SOURCE), SERIES 2010A**

Fiscal Year	Principal	Interest	Total
2017	\$ 1,450,000	\$ 128,606	\$ 1,578,606
2018	1,765,000	88,731	1,853,731
2019	<u>1,145,000</u>	<u>35,781</u>	<u>1,180,781</u>
Total	<u>\$ 4,360,000</u>	<u>\$ 253,118</u>	<u>\$ 4,613,118</u>

Original Amount of Issue: \$ 11,455,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 2.00% - 3.125%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION BONDS
SERIES 2010B**

Fiscal Year	Principal	Interest	Total
2017	\$ 1,105,000	\$ 86,485	\$ 1,191,485
2018	<u>1,140,000</u>	<u>45,600</u>	<u>1,185,600</u>
Total	<u><u>\$ 2,245,000</u></u>	<u><u>\$ 132,085</u></u>	<u><u>\$ 2,377,085</u></u>

Original Amount of Issue: \$ 8,070,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 1.60% - 4.00%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION TAX INCREMENT BONDS
(ALTERNATIVE REVENUE SOURCE), SERIES 2011**

Fiscal Year	Principal	Interest	Total
2017	\$ 295,000	\$ 164,444	\$ 459,444
2018	295,000	150,428	445,428
2019	<u>2,982,500</u>	<u>69,958</u>	<u>3,052,458</u>
Total	<u>\$ 3,572,500</u>	<u>\$ 384,830</u>	<u>\$ 3,957,330</u>

Original Amount of Issue: \$ 5,900,000

Bonds Due: August 15, November 15, February 15, May 15

Interest Dates: August 15, November 15, February 15, May 15

Interest Rates: 4.75%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION TAX INCREMENT BONDS
(ALTERNATIVE REVENUE SOURCE), SERIES 2011A**

Fiscal Year	Principal	Interest	Total
2017	\$ -	\$ 165,400	\$ 165,400
2018	-	165,400	165,400
2019	-	165,400	165,400
2020	235,000	165,400	400,400
2021	-	156,000	156,000
2022	1,700,000	156,000	1,856,000
2023	<u>1,775,000</u>	<u>71,000</u>	<u>1,846,000</u>
Total	<u>\$ 3,710,000</u>	<u>\$ 1,044,600</u>	<u>\$ 4,754,600</u>

Original Amount of Issue: \$ 3,710,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 4.00% - 5.00%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION TAX INCREMENT BONDS
(ALTERNATIVE REVENUE SOURCE), SERIES 2011B**

Fiscal Year	Principal	Interest	Total
2017	\$ -	\$ 67,600	\$ 67,600
2018	-	67,600	67,600
2019	1,095,000	67,600	1,162,600
2020	<u>595,000</u>	<u>23,800</u>	<u>618,800</u>
Total	<u>\$ 1,690,000</u>	<u>\$ 226,600</u>	<u>\$ 1,916,600</u>

Original Amount of Issue: \$ 1,690,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 4.00%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION BONDS
SERIES 2012**

Fiscal Year	Principal	Interest	Total
2017	\$ 560,000	\$ 486,550	\$ 1,046,550
2018	590,000	464,150	1,054,150
2019	615,000	440,550	1,055,550
2020	640,000	415,950	1,055,950
2021	660,000	390,350	1,050,350
2022	685,000	367,250	1,052,250
2023	710,000	343,275	1,053,275
2024	735,000	318,425	1,053,425
2025	770,000	292,700	1,062,700
2026	805,000	254,200	1,059,200
2027	835,000	222,000	1,057,000
2028	870,000	188,600	1,058,600
2029	905,000	153,800	1,058,800
2030	940,000	117,600	1,057,600
2031	980,000	80,000	1,060,000
2032	<u>1,020,000</u>	<u>40,800</u>	<u>1,060,800</u>
Total	<u>\$ 12,320,000</u>	<u>\$ 4,576,200</u>	<u>\$ 16,896,200</u>

Original Amount of Issue: \$ 14,355,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 4.00% - 5.00%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION BONDS
SERIES 2015**

Fiscal Year	Principal	Interest	Total
2017	\$ 1,060,000	\$ 207,650	\$ 1,267,650
2018	1,155,000	186,450	1,341,450
2019	955,000	157,575	1,112,575
2020	985,000	133,700	1,118,700
2021	1,305,000	104,150	1,409,150
2022	920,000	51,950	971,950
2023	<u>505,000</u>	<u>15,150</u>	<u>520,150</u>
Total	<u><u>\$ 6,885,000</u></u>	<u><u>\$ 856,625</u></u>	<u><u>\$ 7,741,625</u></u>

Original Amount of Issue: \$ 8,910,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 2.00% - 4.00%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**GENERAL OBLIGATION BONDS
SERIES 2016**

Fiscal Year	Principal	Interest	Total
2017	\$ 430,000	\$ 87,967	\$ 517,967
2018	435,000	79,367	514,367
2019	440,000	70,667	510,667
2020	455,000	61,867	516,867
2021	465,000	51,857	516,857
2022	260,000	41,162	301,162
2023	270,000	34,402	304,402
2024	280,000	26,977	306,977
2025	285,000	18,579	303,579
2026	<u>300,000</u>	<u>9,600</u>	<u>309,600</u>
Total	<u>\$ 3,620,000</u>	<u>\$ 482,445</u>	<u>\$ 4,102,445</u>

Original Amount of Issue: \$ 3,660,000

Bonds Due: December 15

Interest Dates: June 15, December 15

Interest Rates: 2.00% - 3.20%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

**WATER REVENUE BONDS
SERIES 1998A**

Fiscal Year	Principal	Interest	Total
2017	\$ 2,650,000	\$ 343,110	\$ 2,993,110
2018	2,530,000	205,310	2,735,310
2019	-	73,750	73,750
2020	<u>1,475,000</u>	<u>73,750</u>	<u>1,548,750</u>
Total	<u>\$ 6,655,000</u>	<u>\$ 695,920</u>	<u>\$ 7,350,920</u>

Original Amount of Issue: \$ 40,150,000

Bonds Due: January 1

Interest Dates: January 1, July 1

Interest Rates: 4.00%- 5.50%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

\$8,573,968 ILLINOIS ENVIRONMENTAL PROTECTION AGENCY LOAN OF 1998

Fiscal Year	Principal	Interest	Total
2017	\$ 527,372	\$ 46,636	\$ 574,008
2018	541,307	32,701	574,008
2019	555,609	18,399	574,008
2020	<u>283,286</u>	<u>3,718</u>	<u>287,004</u>
Total	<u>\$ 1,907,574</u>	<u>\$ 101,454</u>	<u>\$ 2,009,028</u>

Original Amount of Issue: \$ 8,573,768

Bonds Due: June 1

Interest Dates: December 1, June 1

Interest Rates: 2.60%

**VILLAGE OF MELROSE PARK, ILLINOIS
DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2016**

\$5,241,848 ILLINOIS ENVIRONMENTAL PROTECTION AGENCY LOAN OF 1999

Fiscal Year	Principal	Interest	Total
2017	\$ 327,461	\$ 27,930	\$ 355,391
2018	335,815	19,577	355,392
2019	344,381	11,009	355,390
2020	<u>175,469</u>	<u>2,224</u>	<u>177,693</u>
Total	<u>\$ 1,183,126</u>	<u>\$ 60,740</u>	<u>\$ 1,243,866</u>

Original Amount of Issue: \$ 5,241,848

Bonds Due: June 1

Interest Dates: December 1, June 1

Interest Rates: 2.50%