

VILLAGE OF MCCOOK

McCook, Illinois

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2009

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VILLAGE OF MCCOOK

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Trustees
Village of McCook
5000 Glencoe Avenue
McCook, Illinois 60525

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois, as of and for the year ended December 31, 2009, which collectively comprise the Village of McCook's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of McCook's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I B., the Village adopted the provision of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, effective January 1, 2009.

The required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mayor and Board of Trustees
Village of McCook

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of McCook's basic financial statements. The 2009 supplementary information and the other information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 2009 supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it. We also previously audited, in accordance with auditing standards generally accepted in the United States, Village of McCook's basic financial statements for the year ended December 31, 2008. In our report dated April 28, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2008 supplementary information is fairly stated in all material respects in relation to the basic financial statement for the year ended December 31, 2008, taken as whole.

Baker Tilly Vuchow Krause, LLP

Oak Brook, Illinois
September 23, 2010

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

The discussion and analysis of Village of McCook's (the "village") financial performance provides an overall review of the village's financial activities for the year ended December 31, 2009. The management of the village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > The liabilities of the village exceeded its assets at the close of the most recent fiscal year by \$(6,778,824) (net assets). In total, net assets decreased by \$17,944,103. The decrease from 2008 is related to the issuance of \$20,200,000 of TIF bonds during the year.
- > At the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$3,040,090, an increase of \$3,566,511 in comparison with the prior year.
- > General revenues accounted for \$5,513,682 in revenue or 77% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$1,672,801 or 23% of total governmental revenues of \$7,186,483.
- > The village had \$24,864,187 in expenses related to government activities. However, only \$1,672,801 of these expenses were offset by program specific charges and grants.
- > At the end of the current fiscal year, unreserved fund balance for the General Fund was a deficit of \$(1,616,767) of the total General Fund balance.
- > The village's total long term liabilities increased by \$21,203,500 during the current year to \$36,677,141.
- > The 1st Avenue Redevelopment Project Area continued collecting incremental property taxes in 2008 and paid off the developer with the money collected from incremental property taxes and proceeds from a bond issuance.
- > The village issued \$20,200,000 of debt to buy the right to the 1st Avenue TIF revenues from the developer. The village also issued \$1,300,000 of debt to fund redevelopment projects within the Joliet Road TIF.

Overview of the Financial Statements

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

- > Government-wide financial statements,
- > Fund financial statements, and
- > Notes to basic financial statements.

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

Government-wide financial statements

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

The village maintains 2 major individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General and 1st Avenue TIF Funds, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The village adopts an annual budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds

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

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

Fiduciary funds

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

Notes to basic financial statements

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

Other information

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

Government-Wide Financial Analysis

| Table 1 Condensed Statements of Net Assets (in actual dollars) | | | | | | |
|---|---------------------------------|---------------------|------------|-----------------------|----------------------|------------|
| | <u>Governmental Activities</u> | | | | | |
| | 2009 | 2008 | Change | | | |
| Assets | | | | | | |
| Current and other assets | \$ 7,925,143 | \$ 3,598,414 | 120.2% | | | |
| Capital assets | <u>2,309,174</u> | <u>2,369,161</u> | (2.5)% | | | |
| Total assets | <u>10,234,317</u> | <u>5,967,575</u> | 71.5% | | | |
| Liabilities | | | | | | |
| Long-term liabilities | 21,652,350 | 497,042 | 4,256.2% | | | |
| Other liabilities | <u>4,614,837</u> | <u>4,125,699</u> | 11.9% | | | |
| Total liabilities | <u>26,267,187</u> | <u>4,622,741</u> | 468.2% | | | |
| Net assets | | | | | | |
| Invested in capital assets, net of related debt | 2,272,916 | 2,298,352 | (1.1)% | | | |
| Restricted | 4,668,956 | 253,725 | 1,740.2% | | | |
| Unrestricted | <u>(22,974,742)</u> | <u>(1,207,243)</u> | 1,803.1% | | | |
| Total net assets | <u>\$ (16,032,870)</u> | <u>\$ 1,344,834</u> | (1,292.2)% | | | |
| Table 1 Condensed Statements of Net Assets (in actual dollars) | | | | | | |
| | <u>Business-Type Activities</u> | | | <u>Total</u> | | |
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| Assets | | | | | | |
| Current and other assets | \$ 5,646,239 | \$ 5,918,638 | (4.6)% | \$ 13,571,382 | \$ 9,517,052 | 42.6% |
| Capital assets | <u>19,494,892</u> | <u>19,674,368</u> | (0.9)% | <u>21,804,066</u> | <u>22,043,529</u> | -1.1% |
| Total assets | <u>25,141,131</u> | <u>25,593,006</u> | (1.8)% | <u>35,375,448</u> | <u>31,560,581</u> | 12.1% |
| Liabilities | | | | | | |
| Long-term liabilities | 15,024,791 | 14,976,599 | 0.3% | 36,677,141 | 15,473,641 | 137.0% |
| Other liabilities | <u>862,294</u> | <u>795,962</u> | 8.3% | <u>5,477,131</u> | <u>4,921,661</u> | 11.3% |
| Total liabilities | <u>15,887,085</u> | <u>15,772,561</u> | 106.7% | <u>42,154,272</u> | <u>20,395,302</u> | 106.7% |
| Net assets | | | | | | |
| Invested in capital assets, net of related debt | 7,081,033 | 7,454,477 | (5.0)% | 9,353,949 | 9,752,829 | (4.1)% |
| Restricted | - | - | | 4,668,956 | 253,725 | 1,740.2% |
| Unrestricted | <u>2,173,013</u> | <u>2,365,968</u> | (8.2)% | <u>(20,801,729)</u> | <u>1,158,725</u> | (1,895.2)% |
| Total net assets | <u>\$ 9,254,046</u> | <u>\$ 9,820,445</u> | (5.8)% | <u>\$ (6,778,824)</u> | <u>\$ 11,165,279</u> | (160.7)% |

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

Normal Impacts

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

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

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

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

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

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

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

Current Year Impacts

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the village, total net assets decreased by \$17,944,103 from \$11,165,279 to \$(6,778,824). The village's total assets equal \$35,375,448. The village's total liabilities equal \$42,154,272.

The village experienced increased current and other assets as the proceeds from the TIF bond issuances were higher than the amounts paid to the TIF developer and other redevelopment costs in 2009. As a result of these debt issuances, the village's long-term liabilities also increased significantly.

A portion of the net assets of the governmental activities is restricted for street maintenance, road improvements, drug enforcement, and community development. The unrestricted combined balance, for both governmental and business-type activities, is \$(20,801,729).

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

Table 2
Condensed Statements of Activities
(in actual dollars)

| | <u>Governmental Activities</u> | | |
|------------------------------------|--------------------------------|---------------------|---------------|
| | <u>2009</u> | <u>2008</u> | <u>Change</u> |
| Revenues | | | |
| Charges for services | \$ 950,366 | \$ 553,977 | 71.6% |
| Operating grants and contributions | 447,435 | 135,107 | 231.2% |
| Capital grants and contributions | 275,000 | - | |
| Taxes | 5,321,541 | 5,635,766 | -5.6% |
| Other general revenues | <u>192,141</u> | <u>138,923</u> | 38.3% |
| Total revenues | <u>7,186,483</u> | <u>6,463,773</u> | 11.2% |
| Expenses | | | |
| General government | 2,284,217 | 2,235,288 | 2.2% |
| TIF economic development | 17,845,573 | 2,798,857 | 537.6% |
| Public safety | 4,081,522 | 3,214,379 | 27.0% |
| Public works | 450,822 | 359,003 | 25.6% |
| Interest on long term debt | <u>202,053</u> | <u>13,622</u> | 1,383.3% |
| Total expenses | <u>24,864,187</u> | <u>8,621,149</u> | 188.4% |
| Transfers | <u>300,000</u> | <u>300,000</u> | |
| Change in net assets | (17,377,704) | (1,857,376) | 835.6% |
| Net assets, beginning of year | <u>1,344,834</u> | <u>3,202,210</u> | -58.0% |
| Net assets, end of year | <u>\$ (16,032,870)</u> | <u>\$ 1,344,834</u> | (1,292.2)% |

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

| Table 2 Condensed Statements of Activities (in actual dollars) | | | | | | |
|---|---------------------------------|---------------------|---------------|-----------------------|----------------------|---------------|
| | <u>Business-Type Activities</u> | | | | <u>Total</u> | |
| | <u>2009</u> | <u>2008</u> | <u>Change</u> | <u>2009</u> | <u>2008</u> | <u>Change</u> |
| Revenues | | | | | | |
| <i>Program revenues</i> | | | | | | |
| Charges for services | \$ 6,993,205 | \$ 5,050,979 | 38.5% | \$ 7,943,571 | \$ 5,604,956 | 41.7% |
| Operating grants and contributions | - | - | | 447,435 | 135,107 | 231.2% |
| Capital grants and contributions | - | - | | 275,000 | - | |
| <i>General revenues</i> | | | | | | |
| Other taxes | - | - | | 5,321,541 | 5,635,766 | -5.6% |
| Other general revenues | 13,859 | 90,827 | -84.7% | 206,000 | 229,750 | -10.3% |
| Total revenues | <u>7,007,064</u> | <u>5,141,806</u> | 36.3% | <u>14,193,547</u> | <u>11,605,579</u> | 22.3% |
| Expenses | | | | | | |
| General government | - | - | | 2,284,217 | 2,235,288 | 2.2% |
| TIF economic development | - | - | | 17,845,573 | 2,798,857 | 537.6% |
| Public safety | - | - | | 4,081,522 | 3,214,379 | 27.0% |
| Public works | - | - | | 450,822 | 359,003 | 25.6% |
| Interest on long term debt - GA | - | - | | 202,053 | 13,622 | 1,383.3% |
| Water | 4,869,143 | 4,400,423 | 10.7% | 4,869,143 | 4,400,423 | 10.7% |
| Athletics and exposition | 2,402,320 | 700,355 | 243.0% | 2,402,320 | 700,355 | 243.0% |
| Sewer | 2,000 | 2,000 | | 2,000 | 2,000 | |
| Total expenses | <u>7,273,463</u> | <u>5,102,778</u> | 42.5% | <u>32,137,650</u> | <u>13,723,927</u> | 134.2% |
| Transfers | (300,000) | (300,000) | | - | - | |
| Change in net assets | (566,399) | (260,972) | 117.0% | (17,944,103) | (2,118,348) | 747.1% |
| Net assets, beginning of year | <u>9,820,445</u> | <u>10,081,417</u> | -2.6% | <u>11,165,279</u> | <u>13,283,627</u> | -15.9% |
| Net assets, end of year | <u>\$ 9,254,046</u> | <u>\$ 9,820,445</u> | (5.8)% | <u>\$ (6,778,824)</u> | <u>\$ 11,165,279</u> | (160.7)% |

Normal Impacts

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

Revenues

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

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

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

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

Expenses

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

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

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

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

Current Year Impacts

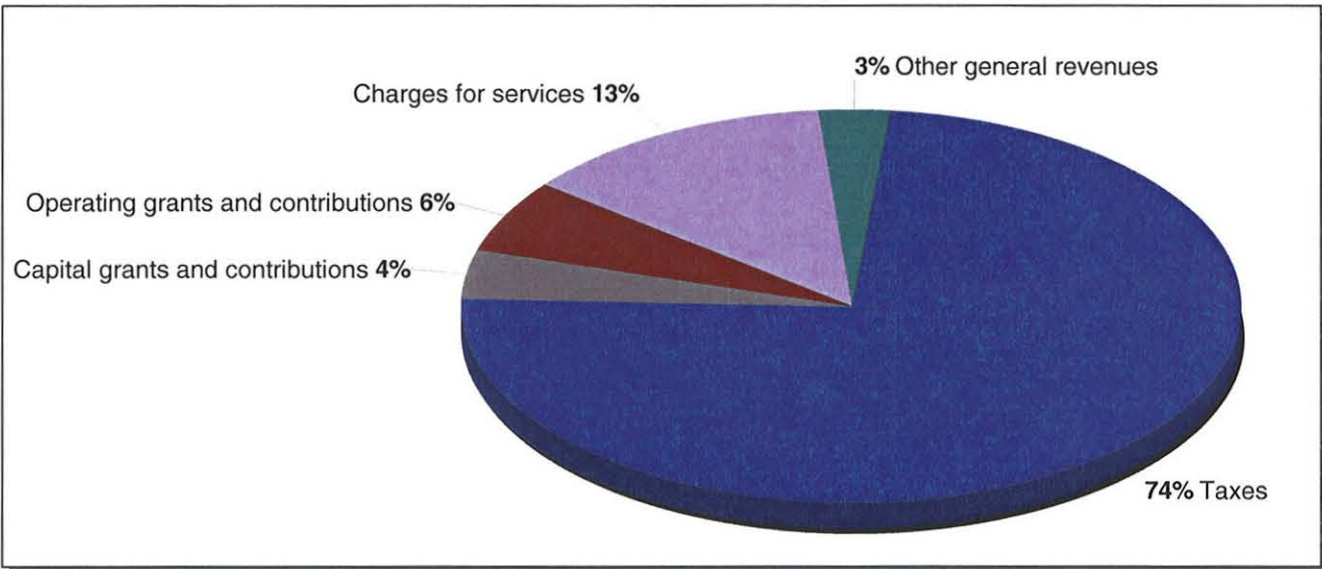
The Governmental Activities experienced an increase in revenue due to an increase in fees collected by the Max following its first full year of operation. The village also recognized increases in water charges, permit fees, impact fees, and drug enforcement funds. These increases were not enough to support the increased expenses related to TIF redevelopment projects and MAX expenses. As a result, the village's net assets decreased to a deficit of (\$6,778,824) as compared to \$11,165,279 in the prior fiscal year. However, the village's settlement payment to the 1st Avenue TIF developer established that all future property tax revenues generated by the TIF belong to the village. Since the village issued debt to make the settlement payment, the village's decrease in net assets indicate that the financial position has deteriorated temporarily since the prior fiscal year until additional property tax revenues are collected.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

Governmental Activities

Governmental Revenues by Source



Revenues

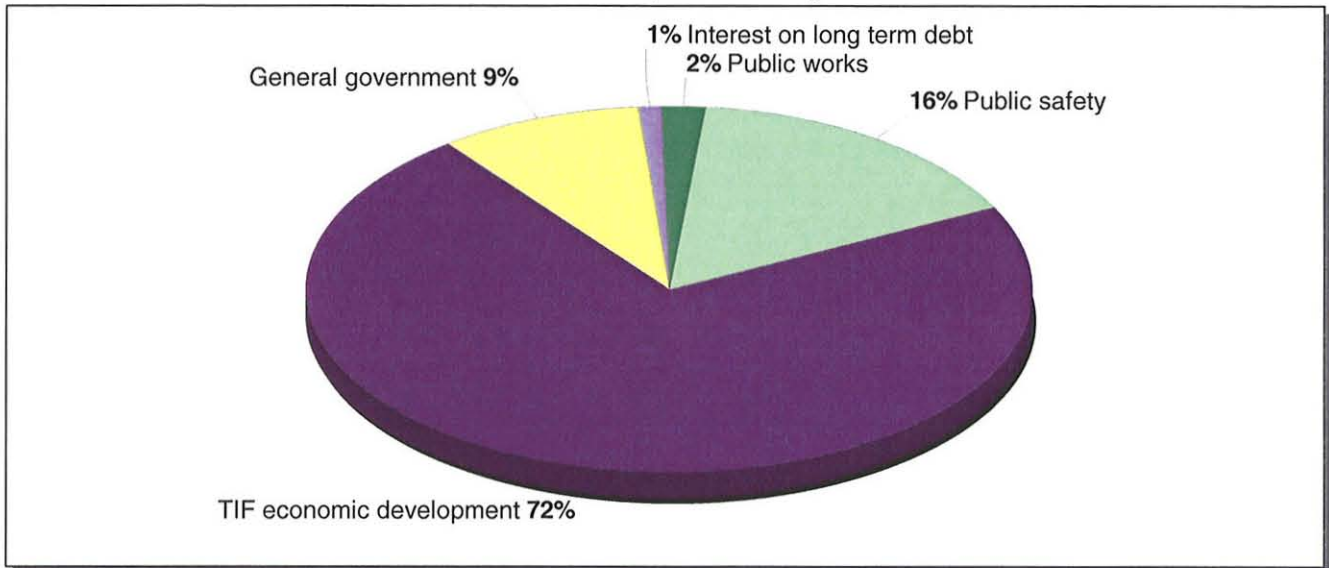
The village has a large industrial base. In Illinois, large corporations have recently been successful at reducing their assessed valuations on which their real estate tax levies are based. The process to reduce these assessments or file and resolve other tax disputes can take years to wind their way through County and State boards and courts. In 2008, the village levied \$4.2 million in general real estate taxes following an abatement of the bond and interest levy but collected a net amount of \$4.0 million after reductions from prior year tax levies and slowed collections by Cook County. The 2008 levy is collected in 2009. 2009 is the third year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected approximately \$2,000,000 of the 2008 tax levy and \$7,100 from the 2007 tax levy within the TIF District. The village also began collecting property taxes for the Joliet Road TIF in 2009. These collections totaled approximately \$70,000.

The business-type activity of the Village of McCook includes the Water Department, Sewer Department and McCook Athletic and Exposition Center (Max). The Water Department serves the Village of McCook residents and businesses, along with providing water to the Villages of Hodgkins, Countryside and LaGrange. Pricing for water is based on a schedule set by the village and reflects increases as passed along from the village's supplier, the City of Chicago. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The City of Chicago has annually adjusted rates and this adjustment is passed along to village customers. The operating revenues of the Water Department increased by about \$600,000 as a result of a 15% increase in water rates from the City of Chicago passed on by the village. The operating revenues of the Max increased by \$1.4 million because 2009 was the first full year of operations for the Max.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

Governmental Expenses by Function



Expenses

On the expense side, the TIF economic development expenses increased \$15 million because of a \$17 million payment to the developer of the 1st Avenue TIF for the village to obtain rights to future tax revenues of the TIF.

Public safety expenses increased by \$867,000 due to an increase in compensation for police officers and firefighters and an increase in the contributions made by the village to the police and firefighters' pensions.

The expenses for business-type activities increased from the prior year because 2009 was the first full year of operations for the Max. The village also made its first debt service payments on the Max debt which resulted in \$763,000 of interest payments in 2009.

Financial Analysis of the Village's Funds

At the end of the current fiscal year, the Village of McCook's governmental funds reported a combined (major and non-major) ending fund balance of \$3,040,090, which is an increase of \$3,566,511 from fiscal year 2008. The expenditures have continued to exceed the revenues in the governmental funds but the village issued \$20.2 million of TIF debt during the year to temporarily offset the deficit. The General Fund also received a transfer from the Water Fund totaling \$300,000. The increased expenditures between years are related to TIF redevelopment costs, particularly a \$17 million settlement payment to the 1st Avenue TIF developer which allows the village to have the rights to future property taxes collected for the TIF.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

The Proprietary Funds are the Water and Sewer Departments and the Max (McCook Athletic and Exposition Center). The operating income for the Water Department increased in 2009 by \$200,000 from the prior year. This resulted from the revenues for water charges exceeding the cost of water purchased for the year. The net income for the Water Fund for fiscal 2009 was \$260,000 after consideration of non-operating revenues and expenses and transfers.

Operations for the Max Fund broke even during 2009, but total net assets decreased by \$780,000 because of interest expense on the debt service payments made during the year. The Max Fund finished the year with deficit net assets of (\$1,291,325). The net assets of all proprietary funds at the end of fiscal 2009 equaled \$9.3 million, of which \$2.2 million is unrestricted. Transfers to the General Fund from the Water Fund totaled \$300,000.

General Fund Budgetary Highlights

The original budget was not amended during the year. The actual revenues exceeded projected total revenues in the General Fund by \$487,676 for the year ended December 31, 2009. The primary reason for the excess is an unexpected increase in permit fees and a one-time revenue source from impact fees paid by a developer.

The actual expenditures for fiscal 2009 were less than budget by \$936,262, a result of an attempt to adjust spending to projected revenues. Additional amounts were transferred from the Water Fund to ease the projected deficit in the General Fund. The General Fund balance as of December 31, 2009 is a deficit (\$841,067).

Capital Assets and Debt Administration

Capital assets

By the end of 2009, the village had compiled a total investment of \$32,662,112 (\$21,804,066 net of accumulated depreciation) in a broad range of capital assets including land, buildings, vehicles, machinery and equipment, and infrastructure. Total depreciation expense for the year was \$858,814. More detailed information about capital assets can be found in Note III D. of the basic financial statements.

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

| | <u>Governmental Activities</u> | | |
|-------------------------------------|--------------------------------|---------------------|---------------|
| | <u>2009</u> | <u>2008</u> | <u>Change</u> |
| Land | \$ 132,491 | \$ 132,491 | |
| Land improvements | 5,375 | 6,813 | (21.1)% |
| Buildings and building improvements | 780,948 | 795,497 | (1.8)% |
| Vehicles | 395,116 | 343,605 | 15.0% |
| Machinery and equipment | 368,690 | 370,978 | -0.6% |
| Infrastructure | <u>626,554</u> | <u>719,777</u> | (13.0)% |
| Total | <u>\$ 2,309,174</u> | <u>\$ 2,369,161</u> | (2.5)% |

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

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

| | <u>Business-Type Activities</u> | | | <u>Total</u> | | |
|-------------------------------------|---------------------------------|----------------------|--------|----------------------|----------------------|---------|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| Land | \$ - | \$ - | | \$ 132,491 | \$ 132,491 | |
| Land Improvements | - | - | | 5,375 | 6,813 | (21.1)% |
| Buildings and building improvements | 12,757,843 | 12,715,514 | 0.3% | 13,538,791 | 13,511,011 | 0.2% |
| Vehicles | 77,478 | 13,819 | 460.7% | 472,594 | 357,424 | 32.2% |
| Machinery and equipment | 992,844 | 1,092,524 | -9.1% | 1,361,534 | 1,463,502 | -7.0% |
| Infrastructure | <u>5,666,727</u> | <u>5,852,511</u> | (3.2)% | <u>6,293,281</u> | <u>6,572,288</u> | (4.2)% |
| Total | <u>\$ 19,494,892</u> | <u>\$ 19,674,368</u> | -0.9% | <u>\$ 21,804,066</u> | <u>\$ 22,043,529</u> | -1.1% |

Debt Administration

The debt administration discussion covers three types of debt reported by the village's financial statements. The village's governmental activities debt includes \$20,200,000 in TIF bonds, \$36,258 of capital leases, \$250,215 vested compensated absences, \$445,992 net pension obligation, and \$719,885 net OPEB obligation. The village's governmental activities reported total debt of \$21,652,350 at December 31, 2009. The village reported the net OPEB obligation for the first time in 2009 in accordance with the implementation of GASB Statement No. 45.

The village's business-type activities debt includes \$14,801,597 of general obligation debt, \$43,427 vested compensated absences, and \$179,767 net OPEB obligation. The general obligation debt is paid primarily by revenues generated by the McCook Athletic and Exposition Center (Max Fund).

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2009

Factors Bearing on the Village's Future

The general economic conditions of southwestern Cook County and the Chicago metropolitan statistical area are affected by the national economic downturn. The unemployment rate is presently at 10.9% County-wide (Illinois Department of Employment Security web site). The village has experienced turnover of several industrial facilities and is presently marketing the village and working with developers to encourage new development. The village is located in an Illinois enterprise zone and has the advantage of several incentive packages to industry that help keep it competitive as compared to other industrial locations. Also, the village has approved two tax increment financing districts within the village boundaries. To date, multiple industrial buildings are being developed within the 1st Avenue TIF project area. The village has secured a commercial retailer to locate within the boundaries. The village expects an overall increase of economic impact based upon these redevelopment areas. The impact is expected to range from permits and fees, to sales taxes, to restricted tax increment financing revenue. Also, in 2009 the village received another increase in water rates from the City of Chicago. In January 2009, the village also raised the water rate to village customers to offset these increases and capital expenditures.

The village has designated the Joliet Road TIF District and expects continued economic development within the corridor within the near future.

All of the local economic factors, revenue projections, and analysis of village expenditures are being factored into fiscal 2010 budget plans.

Requests for Information

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

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

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VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS DECEMBER 31, 2009

| | Governmental Activities | Business-type Activities | Totals |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,943,092 | \$ 2,710,465 | \$ 6,653,557 |
| Investments - certificates of deposits with banks | 400,527 | 500,056 | 900,583 |
| Receivables (net) | | | |
| Real estate taxes | 4,098,792 | - | 4,098,792 |
| Accounts | - | 398,627 | 398,627 |
| Other | 48,478 | - | 48,478 |
| Due from other governments | 78,600 | - | 78,600 |
| Restricted cash and investments | 649,472 | - | 649,472 |
| Prepaid items | 106,817 | - | 106,817 |
| Internal balances | (1,822,424) | 1,822,424 | - |
| Deferred charges | 421,789 | 214,667 | 636,456 |
| Capital assets (net of accumulated depreciation) | | | |
| Land | 132,491 | - | 132,491 |
| Land improvements | 5,376 | - | 5,376 |
| Buildings | 780,948 | 12,757,843 | 13,538,791 |
| Machinery and equipment | 368,690 | 992,844 | 1,361,534 |
| Infrastructure | 626,554 | 5,666,727 | 6,293,281 |
| Vehicles | 395,115 | 77,478 | 472,593 |
| Total Assets | <u>10,234,317</u> | <u>25,141,131</u> | <u>35,375,448</u> |
| LIABILITIES | | | |
| Accounts payable | 135,993 | 599,168 | 735,161 |
| Accrued salaries | 217,076 | 31,471 | 248,547 |
| Payroll liabilities | 9,027 | - | 9,027 |
| Accrued interest payable | 151,573 | 61,470 | 213,043 |
| Unearned revenue | 4,101,168 | 170,185 | 4,271,353 |
| Noncurrent liabilities | | | |
| Due within one year | 175,951 | 195,765 | 371,716 |
| Due in more than one year | 21,476,399 | 14,829,026 | 36,305,425 |
| Total Liabilities | <u>26,267,187</u> | <u>15,887,085</u> | <u>42,154,272</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 2,272,916 | 7,081,033 | 9,353,949 |
| Restricted for | | | |
| Highways and streets | 30,692 | - | 30,692 |
| Public safety | 447,524 | - | 447,524 |
| Community development | 4,190,740 | - | 4,190,740 |
| Unrestricted (deficit) | <u>(22,974,742)</u> | <u>2,173,013</u> | <u>(20,801,729)</u> |
| TOTAL NET ASSETS | <u>\$ (16,032,870)</u> | <u>\$ 9,254,046</u> | <u>\$ (6,778,824)</u> |

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | | |
| General government | \$ 2,284,217 | \$ 694,385 | \$ - | \$ 275,000 |
| Public safety | 4,081,522 | 255,981 | 440,931 | - |
| Public works | 450,822 | - | 6,504 | - |
| TIF economic development | 17,845,573 | - | - | - |
| Interest on long term debt | <u>202,053</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Governmental Activities | <u>24,864,187</u> | <u>950,366</u> | <u>447,435</u> | <u>275,000</u> |
| Business-type Activities | | | | |
| Water | 4,869,143 | 5,427,623 | - | - |
| Sewer | 2,000 | 15,017 | - | - |
| Athletics and exposition | <u>2,402,320</u> | <u>1,550,565</u> | <u>-</u> | <u>-</u> |
| Total Business-type Activities | <u>7,273,463</u> | <u>6,993,205</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 32,137,650</u> | <u>\$ 7,943,571</u> | <u>\$ 447,435</u> | <u>\$ 275,000</u> |

General Revenues

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

Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS (DEFICIT) - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets

| Governmental Activities | Business-type Activities | Totals |
|----------------------------|-----------------------------|-----------------------|
| \$ (1,314,832) | \$ - | \$ (1,314,832) |
| (3,384,610) | - | (3,384,610) |
| (444,318) | - | (444,318) |
| (17,845,573) | - | (17,845,573) |
| <u>(202,053)</u> | <u>-</u> | <u>(202,053)</u> |
| <u>(23,191,386)</u> | <u>-</u> | <u>(23,191,386)</u> |
| - | 558,480 | 558,480 |
| - | 13,017 | 13,017 |
| - | <u>(851,755)</u> | <u>(851,755)</u> |
| - | <u>(280,258)</u> | <u>(280,258)</u> |
| <u>(23,191,386)</u> | <u>(280,258)</u> | <u>(23,471,644)</u> |
| 4,048,619 | - | 4,048,619 |
| 443,235 | - | 443,235 |
| 18,221 | - | 18,221 |
| 455,634 | - | 455,634 |
| 56,476 | - | 56,476 |
| 41,085 | - | 41,085 |
| 32,093 | - | 32,093 |
| 7,142 | - | 7,142 |
| 40,000 | - | 40,000 |
| 94,684 | - | 94,684 |
| 8,052 | - | 8,052 |
| 76,300 | - | 76,300 |
| 59,472 | 13,859 | 73,331 |
| 35,226 | - | 35,226 |
| 97,443 | - | 97,443 |
| <u>300,000</u> | <u>(300,000)</u> | <u>-</u> |
| <u>5,813,682</u> | <u>(286,141)</u> | <u>5,527,541</u> |
| (17,377,704) | (566,399) | (17,944,103) |
| <u>1,344,834</u> | <u>9,820,445</u> | <u>11,165,279</u> |
| <u>\$ (16,032,870)</u> | <u>\$ 9,254,046</u> | <u>\$ (6,778,824)</u> |

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2009

| | General | 1st Avenue TIF | Nonmajor Governmental Funds | Totals |
|--|---------------------|---------------------|-----------------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 3,614,964 | \$ 328,128 | \$ 3,943,092 |
| Investments - certificates of deposits with banks | 400,527 | - | - | 400,527 |
| Receivables (net) | | | | |
| Real estate taxes | 2,198,846 | 1,703,946 | 196,000 | 4,098,792 |
| Other | 47,971 | - | 507 | 48,478 |
| Restricted cash and investments | 447,524 | - | 201,948 | 649,472 |
| Prepaid items | 106,817 | - | - | 106,817 |
| Due from other governments | 78,078 | - | 522 | 78,600 |
| Due from other funds | - | - | 7,664 | 7,664 |
| Interfund advances | 191,207 | - | - | 191,207 |
| TOTAL ASSETS | <u>\$ 3,470,970</u> | <u>\$ 5,318,910</u> | <u>\$ 734,769</u> | <u>\$ 9,524,649</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 54,506 | \$ 81,482 | \$ 5 | \$ 135,993 |
| Accrued salaries | 217,076 | - | - | 217,076 |
| Payroll liabilities | 9,027 | - | - | 9,027 |
| Due to other funds | 1,830,088 | - | - | 1,830,088 |
| Deferred revenues | 2,201,340 | 1,703,828 | 196,000 | 4,101,168 |
| Interfund advances | - | - | 191,207 | 191,207 |
| Total Liabilities | <u>4,312,037</u> | <u>1,785,310</u> | <u>387,212</u> | <u>6,484,559</u> |

See accompanying notes to financial statements.

| | <u>General</u> | <u>1st Avenue TIF</u> | <u>Nonmajor Governmental Funds</u> | <u>Totals</u> |
|--|--------------------------------|--------------------------------|--|--------------------------------|
| Fund Balances (Deficit) | | | | |
| Reserved | | | | |
| Reserved for prepaid items | \$ 106,817 | \$ - | \$ - | \$ 106,817 |
| Reserved for drug enforcement | 447,524 | - | - | 447,524 |
| Reserved for advances to other funds and non-current receivables | 191,207 | - | - | 191,207 |
| Reserved for debt service | - | - | 201,948 | 201,948 |
| Designated for holiday events | 30,152 | - | - | 30,152 |
| Unreserved, reported in: | | | | |
| General fund | (1,616,767) | - | - | (1,616,767) |
| Special revenue funds | <u>-</u> | <u>3,533,600</u> | <u>145,609</u> | <u>3,679,209</u> |
| Total Fund Balances (deficit) | <u>(841,067)</u> | <u>3,533,600</u> | <u>347,557</u> | <u>3,040,090</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 3,470,970</u></u> | <u><u>\$ 5,318,910</u></u> | <u><u>\$ 734,769</u></u> | <u><u>\$ 9,524,649</u></u> |

See accompanying notes to financial statements.

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VILLAGE OF MCCOOK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2009

| | |
|--|--------------|
| Total Fund Balances - Governmental Funds | \$ 3,040,090 |
|--|--------------|

Amounts reported for governmental activities in the statement of net assets are different because:

| | |
|--|-----------|
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III.D. | 2,309,174 |
|--|-----------|

| | |
|---|---------|
| Deferred charges included in the statement of net assets are not available to pay for current period expenditures and, therefore, are not included in the governmental funds balance sheet. | 421,789 |
|---|---------|

Some liabilities, including long-term debt, are not due and payable in the current period, and therefore, are not reported in the funds.

| | |
|------------------------|-----------------|
| Bonds payable | (20,200,000) |
| Compensated absences | (250,215) |
| Accrued interest | (151,573) |
| Net pension obligation | (445,992) |
| Net OPEB obligation | (719,885) |
| Capital lease | <u>(36,258)</u> |

| | |
|--|-------------------------------|
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ (16,032,870)</u> |
|--|-------------------------------|

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

| | General | 1st Avenue TIF | Nonmajor Governmental Funds | Totals |
|--|---------------------|---------------------|-----------------------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ 3,255,108 | \$ 1,996,333 | \$ 70,100 | \$ 5,321,541 |
| Intergovernmental | 440,931 | - | 6,504 | 447,435 |
| Licenses, permits and fees | 1,020,151 | - | 7,988 | 1,028,139 |
| Fines and police reports | 206,796 | - | - | 206,796 |
| Investment income | 21,590 | 36,933 | 949 | 59,472 |
| Miscellaneous | 123,100 | - | - | 123,100 |
| Total Revenues | <u>5,067,676</u> | <u>2,033,266</u> | <u>85,541</u> | <u>7,186,483</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 2,043,500 | - | - | 2,043,500 |
| Public safety | 3,194,950 | - | 4,557 | 3,199,507 |
| Public works | 282,687 | - | - | 282,687 |
| TIF economic development | - | 17,338,742 | 932,081 | 18,270,823 |
| Debt Service | | | | |
| Principal retirement | 183,276 | - | - | 183,276 |
| Interest and other | 5,904 | - | 41,979 | 47,883 |
| Capital Outlay | 241,021 | - | - | 241,021 |
| Total Expenditures | <u>5,951,338</u> | <u>17,338,742</u> | <u>978,617</u> | <u>24,268,697</u> |
| Excess (deficiency) of revenues over expenditures | <u>(883,662)</u> | <u>(15,305,476)</u> | <u>(893,076)</u> | <u>(17,082,214)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 397,846 | - | - | 397,846 |
| Transfers out | - | (87,846) | (10,000) | (97,846) |
| General obligation bonds issued | - | 18,900,000 | 1,300,000 | 20,200,000 |
| Capital leases value | 148,725 | - | - | 148,725 |
| Total Other Financing Sources (Uses) | <u>546,571</u> | <u>18,812,154</u> | <u>1,290,000</u> | <u>20,648,725</u> |
| Net Change in Fund Balances | (337,091) | 3,506,678 | 396,924 | 3,566,511 |
| FUND BALANCES (DEFICIT) - Beginning of Year | <u>(503,976)</u> | <u>26,922</u> | <u>(49,367)</u> | <u>(526,421)</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ (841,067)</u> | <u>\$ 3,533,600</u> | <u>\$ 347,557</u> | <u>\$ 3,040,090</u> |

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 3,566,511 |
|--|--------------|

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

| | |
|--|-----------|
| Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements | 221,685 |
| Depreciation is reported in the government-wide financial statements | (281,672) |

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

| | |
|------------------|--------------|
| Debt issued | (20,348,725) |
| Principal repaid | 183,276 |

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

| | |
|----------------------------------|---------|
| Debt discount and issuance costs | 421,789 |
|----------------------------------|---------|

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | |
|--------------------------|-----------|
| Compensated absences | (44,620) |
| Net OPEB obligation | (719,885) |
| Accrued interest on debt | (150,709) |

Contribution expense to the Police and Firefighters' Pension Plans are based upon actuarial determined required contributions. The net pension obligation has increased as the annual required contributions since the last valuation exceeded contributions made to the Plans.

| | |
|--|-----------|
| | (225,354) |
|--|-----------|

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

| | |
|--|------------------------|
| | <u>\$ (17,377,704)</u> |
|--|------------------------|

VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2009

| | Business-type Activities - Enterprise Funds | | |
|--|---|-----------------------|--------------------------|
| | Water | Max | Nonmajor Fund - Sewer |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 868,904 | \$ 1,537,239 | \$ 304,322 |
| Investments - certificates of deposits with banks | 400,056 | - | 100,000 |
| Receivables (net) | | | |
| Accounts | 383,558 | 14,005 | 1,064 |
| Due from other funds | 1,822,424 | - | - |
| Unamortized debt issuance expenses | - | 214,667 | - |
| Total Current Assets | <u>3,474,942</u> | <u>1,765,911</u> | <u>405,386</u> |
| Noncurrent Assets | | | |
| Capital assets (net of accumulated depreciation) | | | |
| Buildings and improvements | 1,517,750 | 11,240,093 | - |
| Vehicles | 77,478 | - | - |
| Machinery and equipment | 64,629 | 928,215 | - |
| Infrastructure | <u>5,666,727</u> | <u>-</u> | <u>-</u> |
| Total Non-Current Assets | <u>7,326,584</u> | <u>12,168,308</u> | <u>-</u> |
| Total Assets | <u>10,801,526</u> | <u>13,934,219</u> | <u>405,386</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 466,959 | 132,209 | - |
| Accrued salaries | 31,471 | - | - |
| Accrued interest | - | 61,470 | - |
| Unearned revenue | - | <u>170,185</u> | <u>-</u> |
| Total Current Liabilities | <u>498,430</u> | <u>363,864</u> | <u>-</u> |
| Non-Current Liabilities | | | |
| Long-Term Debt | | | |
| Due within one year | 25,765 | 170,000 | - |
| Due in more than one year | <u>137,346</u> | <u>14,691,680</u> | <u>-</u> |
| Total Liabilities | <u>661,541</u> | <u>15,225,544</u> | <u>-</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 7,326,585 | (245,552) | - |
| Unrestricted | <u>2,813,400</u> | <u>(1,045,773)</u> | <u>405,386</u> |
| TOTAL NET ASSETS | <u>\$ 10,139,985</u> | <u>\$ (1,291,325)</u> | <u>\$ 405,386</u> |

See accompanying notes to financial statements.

Totals

\$ 2,710,465

500,056

398,627

1,822,424

214,667

5,646,239

12,757,843

77,478

992,844

5,666,727

19,494,892

25,141,131

599,168

31,471

61,470

170,185

862,294

195,765

14,829,026

15,887,085

7,081,033

2,173,013

\$ 9,254,046

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

| | Business-type Activities - Enterprise Funds | | |
|---|---|-----------------------|--------------------------|
| | Water | Max | Nonmajor Fund - Sewer |
| OPERATING REVENUES | | | |
| Water charges | \$ 5,420,506 | \$ - | \$ - |
| Late charges | 2,117 | - | - |
| Sewer charges | - | - | 15,017 |
| Tap fees | 5,000 | - | - |
| Rentals and sales | - | 1,550,565 | - |
| Total Operating Revenues | <u>5,427,623</u> | <u>1,550,565</u> | <u>15,017</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 579,427 | 290,855 | - |
| Contractual services | 3,699,549 | 667,018 | 2,000 |
| Supplies | 15,484 | 264,439 | - |
| Repairs and maintenance | 7,831 | 91,250 | - |
| Electricity | 302,428 | - | - |
| Depreciation | 258,059 | 319,083 | - |
| Other charges | 6,365 | 6,472 | - |
| Total Operating Expenses | <u>4,869,143</u> | <u>1,639,117</u> | <u>2,000</u> |
| Operating Income | <u>558,480</u> | <u>(88,552)</u> | <u>13,017</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 2,019 | 11,840 | - |
| Bond interest expense | - | (763,203) | - |
| Total Nonoperating Revenues (Expenses) | <u>2,019</u> | <u>(751,363)</u> | <u>-</u> |
| Income Before Transfers | <u>560,499</u> | <u>(839,915)</u> | <u>13,017</u> |
| TRANSFERS | | | |
| Transfers out | <u>(300,000)</u> | <u>-</u> | <u>-</u> |
| Total Transfers | <u>(300,000)</u> | <u>-</u> | <u>-</u> |
| Change in Net Assets | <u>260,499</u> | <u>(839,915)</u> | <u>13,017</u> |
| NET ASSETS (DEFICIT) - Beginning of Year | <u>9,879,486</u> | <u>(451,410)</u> | <u>392,369</u> |
| NET ASSETS (DEFICIT) - END OF YEAR | <u>\$ 10,139,985</u> | <u>\$ (1,291,325)</u> | <u>\$ 405,386</u> |

See accompanying notes to financial statements.

Totals

\$ 5,420,506
2,117
15,017
5,000
1,550,565
6,993,205

870,282
4,368,567
279,923
99,081
302,428
577,142
12,837
6,510,260

482,945

13,859
(763,203)

(749,344)

(266,399)

(300,000)

(300,000)

(566,399)

9,820,445

\$ 9,254,046

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

| | Business-type Activities - Enterprise Funds | | |
|---|---|---------------------|--------------------------|
| | Water | Max | Nonmajor Fund - Sewer |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Received from customers | \$ 5,448,387 | \$ 1,563,951 | \$ 15,268 |
| Paid to suppliers for goods and services | (3,975,516) | (1,600,999) | (2,000) |
| Paid to employees for services | (445,883) | 350,938 | - |
| Net Cash Flows From Operating Activities | <u>1,026,988</u> | <u>313,890</u> | <u>13,268</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | 2,019 | 11,840 | - |
| Purchase of investment securities | (2,019) | - | - |
| Net Cash Flows From Investing Activities | <u>-</u> | <u>11,840</u> | <u>-</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers - out to other funds | (300,000) | - | - |
| Interfund borrowing / (lending) | (817,758) | - | - |
| Net Cash Flows From Noncapital Financing Activities | <u>(1,117,758)</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Debt retired | - | (144,634) | - |
| Interest paid | - | (749,011) | - |
| Acquisition and construction of capital assets | (77,730) | (319,936) | - |
| Net Cash Flows From Capital and Related Financing Activities | <u>(77,730)</u> | <u>(1,213,581)</u> | <u>-</u> |
| Net Change in Cash and Cash Equivalents | (168,500) | (887,851) | 13,268 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>1,037,404</u> | <u>2,425,090</u> | <u>291,054</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 868,904</u> | <u>\$ 1,537,239</u> | <u>\$ 304,322</u> |

See accompanying notes to financial statements.

Totals

\$ 7,027,606
(5,578,515)
(94,945)
1,354,146

13,859
(2,019)
11,840

(300,000)
(817,758)
(1,117,758)

(144,634)
(749,011)
(397,666)
(1,291,311)

(1,043,083)
3,753,548

\$ 2,710,465

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Business-type Activities - Enterprise Funds</u> | | |
|--|--|-------------------|--|
| | <u>Water</u> | <u>Max</u> | <u>Nonmajor Enterprise Funds</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 558,480 | \$ (88,552) | \$ 13,017 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | |
| Depreciation | 258,059 | 319,083 | - |
| Changes in assets and liabilities | | | |
| Decrease in accounts receivable | 20,764 | 13,386 | 251 |
| Increase in accounts payable | 56,141 | 9,890 | - |
| Increase in accrued salaries | 801 | - | - |
| Increase in compensated absences | 13,059 | - | - |
| Increase in net OPEB obligation | <u>119,684</u> | <u>60,083</u> | <u>-</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 1,026,988</u> | <u>\$ 313,890</u> | <u>\$ 13,268</u> |

See accompanying notes to financial statements.

Totals

\$ 482,945

577,142

34,401

66,031

801

13,059

179,767

\$ 1,354,146

VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2009

| | <u>Pension Trusts</u> |
|---|-----------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,057,116 |
| Investments - certificates of deposits with banks | 397,279 |
| Investments - other, at fair value | 6,138,510 |
| Interest receivable | <u>6,173</u> |
| Total Assets | <u>7,599,078</u> |
| LIABILITIES | |
| NET ASSETS | |
| Held in trust for pension benefits | <u>7,599,078</u> |
| TOTAL NET ASSETS | <u>\$ 7,599,078</u> |

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Pension Trusts</u> |
|---|----------------------------|
| ADDITIONS | |
| Employee contributions | \$ 125,211 |
| Employer contributions | <u>335,000</u> |
| Total | <u>460,211</u> |
| Investment income: | |
| Bank deposits | 23,132 |
| Government securities | 23,817 |
| Insurance contracts | 25,227 |
| Net appreciation in fair value of investments | <u>942,191</u> |
| Total Investment Income | <u>1,014,367</u> |
| Total Additions | <u>1,474,578</u> |
| DEDUCTIONS | |
| Payments to participants | 481,285 |
| Payments to beneficiaries | 152,031 |
| Administrative | <u>21,804</u> |
| Total Deductions | <u>655,120</u> |
| Change in Net Assets | 819,458 |
| NET ASSETS - Beginning of Year | <u>6,779,620</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 7,599,078</u></u> |

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VILLAGE OF MCCOOK

INDEX TO NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

This report includes all of the funds of the Village of McCook. 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.

Blended Component Units

The 911 Emergency Telephone System Board serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for user charges and bond issuance authorizations are approved by the government's council and the legal liability for the general obligation portion of the 911 Emergency Telephone System's debt remains with the government. The 911 Emergency Telephone System is reported as a special revenue fund. The 911 Emergency Telephone System does not issue separate financial statements.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

A. REPORTING ENTITY (cont.)

Blended Component Unit (cont.)

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. As of December 31, 2009, the FPERS was unable to fill the beneficiary and three fire employees memberships to the pension board due to limited participants. The village and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2004, the GASB issued statement No. 45 - *Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, regulation, and display of other postemployment benefits (OPEB) expense and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The village implemented this standard effective January 1, 2009.

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major 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, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds 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 all financial resources except those required to be accounted for in another fund.

1st Avenue TIF Fund - accounts for incremental real estate and sales tax revenues received from the village's Tax Increment Financing district that are to be used for the redevelopment of sites within the Redevelopment Project Area along 1st Avenue for more market oriented commercial uses of the properties to enhance the value of those properties and improve their contributions to the village and its surrounding area.

The village reports the following major enterprise funds:

Water Fund - accounts for operations of the water system

MAX Fund - accounts for operations of the McCook Athletic and Exposition Center

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Fund Financial Statements (cont.)

The village reports the following non-major governmental and enterprise funds:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Motor Fuel Tax Fund
Joliet Road TIF Fund

911 E.T.S. Fund

Enterprise Fund - may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Sewer Fund

In addition, the village reports the following fund types:

Pension (and other employee benefit) trust funds are used to 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.

Police Pension Fund
Firefighters' Pension Fund

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

Government-Wide Financial Statements

The government-wide statement of net assets 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 unearned revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Government-Wide Financial Statements (cont.)

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. 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 revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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.

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also 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 for deferred revenue is removed from the balance sheet and revenue is recognized.

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds and equity securities. 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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

Interest Rate Risk

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

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The village's and pensions' investment policies authorize investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. As of December 31, 2009 Illinois funds had a rating of "AAAm" with their applicable rating agency. As of December 31, 2009, all of the village's and pensions' applicable other debt investments had either "AAA" or "A-1+" ratings with their applicable rating agency.

Concentration of Credit Risk

The village's and pensions' investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The village's and police pension's policy further states that up to 35% of the market value of the portfolio's present net assets may be invested in any combination of separate life insurance accounts or mutual funds. In the police pension, the insurance contracts of Manufacture Life Insurance, \$4,225,909, and Jackson National Life Insurance contract, \$1,213,040 each exceeded five percent of the plan's net assets and total investments. As of year end, the market value of the police pension's insurance contracts represent 76% of the pension's net assets. The firefighters' pension investment policy does not specifically address these risks. 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. In this internal investment pool there were no investments which are subject to concentration for credit risk that represent more than 5% of the portfolio as of December 31, 2009.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - Deposits

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The village does not require collateralization of deposits, unless the amount of the funds deposited in a financial institution exceeds 50% of the capital stock and surplus of a bank, exceeds 50% of the net worth of a savings bank or savings and loan association, or exceeds 50% of the unimpaired capital and surplus of a credit union. The police pension's and firefighters' pension's investment policies limit the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be collateralized. As of December 31, 2009, \$3,863,729, of the village's deposits were uninsured and uncollateralized. As of December 31, 2009, \$2,412 of the firefighters' pension's deposits were uninsured and uncollateralized.

Custodial Credit Risk - Investments

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The village's investment policy does not require collateralization of investments, unless the amount of funds deposited in a financial institution exceeds 50% of the capital stock and surplus of a bank, or exceeds 50% of the unimpaired capital and surplus of a credit union. The police pension's and firefighters' pension's investment policies do not specifically address these risks. As of December 31, 2009, all of the village's and pensions' investments were collateralized in accordance with their investment policy.

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

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

See Note III. A. for further information.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2009 attach as an enforceable lien on January 1, 2009, 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 2009 tax levy, which attached as an enforceable lien on the property as of January 1, 2009, has been recorded as a receivable as of December 31, 2009.

Tax bills for levy year 2009 are prepared by the Cook County Collector and issued on or about February 1, 2010 and September 1, 2010, and are payable in two installments, on or about March 1, 2010 and October 1, 2010 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2009 property tax levy is recognized as a receivable and deferral in fiscal 2009, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2009, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2009 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent (\$83,432) of outstanding property taxes at December 31, 2009.

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 assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Prepaid Items

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. Capital Assets

Government-Wide Statements

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

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

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

Fund Financial Statements

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

5. Compensated Absences

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

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 and accrued compensated absences.

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At year end, the aggregate principal amount for the 2007 series outstanding could not be determined; however, their original issue amounts totaled \$3,460,000.

7. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The liability for claims and judgments is only reported in governmental funds if it has matured. The related expenditure is recognized when the liability is liquidated. 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.

8. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

8. Equity Classifications (cont.)

Government-Wide Statements (cont.)

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. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the 1st Avenue TIF and Joliet Road TIF Funds. Budget amounts are as originally adopted by the Board of Trustees. All annual appropriations lapse at fiscal year end.

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. DEFICIT BALANCES

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

As of December 31, 2009, the following individual funds held a deficit balance:

| <u>Fund</u> | <u>Amount</u> | <u>Reason</u> |
|-------------|---------------|---|
| 911 E.T.S. | \$ 70,059 | Carryforward of the initial start up cost of the 911 System |
| General | 841,067 | Expenditures exceeded revenues during the year |
| Max | 1,291,325 | Start up cost associated with the purchase of the McCook Athletic and Exposition Center |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

| | Carrying Value | Statement Balances | Associated Risks |
|--------------------------------|----------------------|-----------------------|--|
| Deposits | \$ 7,735,004 | \$ 8,100,000 | Custodial credit risk - deposits |
| US agencies | 138,008 | 138,008 | Custodial credit risk - investments; Credit risk; Interest rate risk |
| Insurance contracts | 5,805,419 | 5,805,419 | Concentration of credit risk |
| State and local obligations | 195,083 | 195,083 | Custodial credit risk - investments; Credit risk; Interest rate risk; Concentration of credit risk |
| Illinois Funds | 471,086 | 471,086 | Interest rate risk |
| Money markets | 1,448,551 | 1,448,551 | Interest rate risk |
| Petty cash | <u>3,366</u> | <u>-</u> | N/A |
| Total Deposits and Investments | <u>\$ 15,796,517</u> | <u>\$ 16,158,147</u> | |

Reconciliation to financial statements

Per statement of net assets

| | |
|---|--------------|
| Unrestricted cash and cash equivalents | \$ 6,653,557 |
| Restricted cash | 649,472 |
| Investments - certificates of deposits with banks | 900,583 |

Per statement of net assets- fiduciary funds

| | |
|---|------------------|
| Cash and cash equivalents | 1,057,116 |
| Investments - certificates of deposits with banks | 397,279 |
| Investments - other | <u>6,138,510</u> |

Total Deposits and Investments \$ 15,796,517

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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 of December 31, 2009, \$3,866,141 of the village's total bank balances were exposed to custodial credit risk as follows:

| | |
|--------------------------------|--------------|
| Uninsured and uncollateralized | \$ 3,866,141 |
| Total | \$ 3,866,141 |

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

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, 2009, the investment portfolio was concentrated as follows:

| Issuer | Investment Type | Percentage of Portfolio |
|---------------------------------|-------------------|-------------------------|
| Manufacture Life Insurance | Separate contract | 55.61% |
| Jackson National Life Insurance | General contract | 15.96% |

Interest Rate Risk

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2009, the village's investments were as follows:

| Investment Type | Maturity (In Years) | | | | |
|----------------------------|---------------------|---------------------|------------------|-------------|-------------------|
| | Fair Value | Less than 1 | 1-5 | 6-10 | More Than 10 |
| Primary Government: | | | | | |
| Illinois Funds | \$ 471,086 | \$ 471,086 | \$ - | \$ - | \$ - |
| Money markets | 1,448,551 | 1,448,551 | - | - | - |
| Police Pension Fund: | | | | | |
| State & Local G.O. Bonds | 195,083 | - | 44,894 | - | 150,189 |
| U.S. Government Securities | 138,008 | - | - | - | 138,008 |
| Totals | <u>\$ 2,252,728</u> | <u>\$ 1,919,637</u> | <u>\$ 44,894</u> | <u>\$ -</u> | <u>\$ 288,197</u> |

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

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 | 1st Avenue TIF Fund | Water Fund | Max Fund | Nonmajor and Other Funds | Totals |
|------------------------------------|---------------------|---------------------|-------------------|------------------|--------------------------|---------------------|
| Receivables | | | | | | |
| Property Taxes | \$ 2,243,506 | \$ 1,738,718 | \$ - | \$ - | \$ 200,000 | \$ 4,182,224 |
| Water Billings | - | - | 383,558 | - | - | 383,558 |
| Sewer Billings | - | - | - | - | 1,064 | 1,064 |
| Interest | - | - | - | - | 6,173 | 6,173 |
| Mineral/Prd Sales/Use | 1,442 | - | - | - | - | 1,442 |
| Dumping Tax | 1,372 | - | - | - | - | 1,372 |
| Waste Tax | 23,884 | - | - | - | - | 23,884 |
| Other | 21,273 | - | - | 14,005 | 507 | 35,785 |
| Gross receivables | 2,291,477 | 1,738,718 | 383,558 | 14,005 | 207,744 | 4,635,502 |
| Less: Allowance for uncollectibles | (44,660) | (34,772) | - | - | (4,000) | (83,432) |
| Net Total Receivables | <u>\$ 2,246,817</u> | <u>\$ 1,703,946</u> | <u>\$ 383,558</u> | <u>\$ 14,005</u> | <u>\$ 203,744</u> | <u>\$ 4,552,070</u> |

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

B. RECEIVABLES (cont.)

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

| | <u>Unearned</u> |
|--|---------------------|
| Property taxes receivable for subsequent year | \$ 4,088,168 |
| Rental revenue | <u>13,000</u> |
| Total Deferred/Unearned Revenue for Governmental Funds | <u>\$ 4,101,168</u> |

Under the accrual method deferred revenue is recognized as revenue in the period earned. An exception in Illinois is real estate taxes, whereby the intent of the village is to finance the following year's operations with those monies. Therefore, these amounts will remain deferred revenue or unearned for the government-wide statements.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

State and Federal Forfeiture

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

Joliet Road TIF Certificates of Deposit

The village used the capitalized interest received from the Joliet Road TIF bond issuance to purchase certificates of deposit that will be used at maturity to make interest payments on the TIF bonds when due. These amounts have been classified as restricted cash and investments in the financial statements.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-------------|-----------|----------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 132,491 | \$ - | \$ - | \$ 132,491 |
| Total Capital Assets Not Being Depreciated | 132,491 | - | - | 132,491 |
| Capital assets being depreciated | | | | |
| Land improvements | 91,950 | - | - | 91,950 |
| Buildings | 1,167,524 | 8,480 | - | 1,176,004 |
| Machinery and equipment | 849,887 | 60,483 | - | 910,370 |
| Infrastructure | 3,091,607 | - | - | 3,091,607 |
| Vehicles | 1,339,627 | 152,722 | 100,000 | 1,392,349 |
| Total Capital Assets Being Depreciated | 6,540,595 | 221,685 | 100,000 | 6,662,280 |
| Total Capital Assets | 6,673,086 | 221,685 | 100,000 | 6,794,771 |
| Less: Accumulated depreciation for | | | | |
| Land improvements | (85,137) | (1,438) | - | (86,575) |
| Buildings | (372,027) | (23,029) | - | (395,056) |
| Machinery and equipment | (478,909) | (62,771) | - | (541,680) |
| Infrastructure | (2,371,830) | (93,223) | - | (2,465,053) |
| Vehicles | (996,022) | (101,211) | 100,000 | (997,233) |
| Total Accumulated Depreciation | (4,303,925) | (281,672) | 100,000 | (4,485,597) |
| Net Capital Assets Being Depreciated | 2,236,670 | (59,987) | - | 2,176,683 |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | \$ 2,369,161 | \$ (59,987) | \$ - | \$ 2,309,174 |

Depreciation expense was charged to functions as follows:

| | |
|---|------------|
| Governmental Activities | |
| General government | \$ 16,631 |
| Public safety | 134,808 |
| Public works, which includes the depreciation of infrastructure | 130,233 |
| Total Governmental Activities Depreciation Expense | \$ 281,672 |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. CAPITAL ASSETS (cont.)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Business-type Activities | | | | |
| Capital assets being depreciated | | | | |
| Buildings and improvements | \$ 13,585,938 | \$ 316,438 | \$ - | \$ 13,902,376 |
| Machinery and equipment | 1,353,754 | 3,498 | - | 1,357,252 |
| Vehicles | 235,653 | 77,730 | - | 313,383 |
| Infrastructure | 10,294,330 | - | - | 10,294,330 |
| Total Capital Assets Being Depreciated | <u>25,469,675</u> | <u>397,666</u> | <u>-</u> | <u>25,867,341</u> |
| Less: Accumulated depreciation for | | | | |
| Buildings and improvements | (870,424) | (274,109) | - | (1,144,533) |
| Machinery and equipment | (261,230) | (103,178) | - | (364,408) |
| Vehicles | (221,834) | (14,071) | - | (235,905) |
| Infrastructure | <u>(4,441,819)</u> | <u>(185,784)</u> | <u>-</u> | <u>(4,627,603)</u> |
| Total Accumulated Depreciation | <u>(5,795,307)</u> | <u>(577,142)</u> | <u>-</u> | <u>(6,372,449)</u> |
| Net Capital Assets Being Depreciated | <u>19,674,368</u> | <u>(179,476)</u> | <u>-</u> | <u>19,494,892</u> |
| Business-type Capital Assets, Net of Accumulated Depreciation | <u>\$ 19,674,368</u> | <u>\$ (179,476)</u> | <u>\$ -</u> | <u>\$ 19,494,892</u> |

Business-type Activities

Depreciation expense was charged to functions as follows:

Business-type Activities

| | |
|---|-------------------|
| Water | \$ 258,059 |
| Athletic and Exposition | <u>319,083</u> |
| Total Business-type Activities Depreciation Expense | <u>\$ 577,142</u> |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|---------------------|---------------------|
| Water | General | \$ 1,822,424 |
| Non-major Governmental Fund | General | <u>7,664</u> |
| Total - Fund Financial Statements | | <u>1,830,088</u> |
| Less: Government-wide eliminations | | <u>(7,664)</u> |
| Total Internal Balances - Government-Wide Statement of Net Assets | | <u>\$ 1,822,424</u> |

All amounts are due within one year.

The due from/to balance between the General Fund and Non-major Governmental Fund relates to the General Fund collecting cash on behalf of the Motor Fuel Tax Fund.

The due from/to balance between the General Fund and Water Fund relates to an interfund loan for operating cash of the General Fund.

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

Advances

The General Fund is advancing funds to the 911 E.T.S Fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the 911 E.T.S. Fund's inception. No repayment schedule has been established.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Advances (cont.)

The following is a schedule of interfund advances:

| Receivable Fund | Payable Fund | Amount | Amount Not Due Within One Year |
|--------------------------------------|-----------------------------|-------------|--------------------------------------|
| General | Non-major Governmental Fund | \$ 191,207 | \$ 191,207 |
| Total - Fund Financial Statements | | 191,207 | |
| Less: Fund eliminations | | (191,207) | |
| Total - Interfund Advances | | <u>\$ -</u> | |

Transfers

The following is a schedule of interfund transfers:

| Fund Transferred To | Fund Transferred From | Amount | Principal Purpose |
|--|--------------------------------|-------------------|-------------------------|
| General | Water | \$ 300,000 | Operating expenses |
| General | 1st Avenue TIF | 87,846 | Administrative expenses |
| General | Non-major Governmental Fund | 10,000 | Administrative expenses |
| Total - Fund Financial Statements | | 397,846 | |
| Less: Government-wide eliminations | | (97,846) | |
| Total Transfers - Government-Wide Statement of Activities | | <u>\$ 300,000</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 MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2009, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------|---------------|------------|-------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| Tax increment financing bonds | \$ - | \$ 20,200,000 | \$ - | \$ 20,200,000 | \$ - |
| Sub-totals | - | 20,200,000 | - | 20,200,000 | - |
| Other Liabilities | | | | | |
| Vested compensated absences | 205,595 | 206,042 | 161,422 | 250,215 | 139,693 |
| Capital leases | 70,809 | - | 34,551 | 36,258 | 36,258 |
| Net pension obligation | 220,638 | 225,354 | - | 445,992 | - |
| Ambulance loan | - | 148,725 | 148,725 | - | - |
| Net OPEB obligation | - | 719,885 | - | 719,885 | - |
| Total Other Liabilities | 497,042 | 1,300,006 | 344,698 | 1,452,350 | 175,951 |
| Total Governmental Activities Long-Term Liabilities | \$ 497,042 | \$ 21,500,006 | \$ 344,698 | \$ 21,652,350 | \$ 175,951 |
| Business-type Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation debt | \$ 15,030,000 | \$ - | \$ 150,000 | \$ 14,880,000 | \$ 170,000 |
| Add/(Subtract) Deferred Amounts For | | | | | |
| (Discounts)/Premiums | (83,769) | - | (5,366) | (78,403) | - |
| Sub-totals | 14,946,231 | - | 144,634 | 14,801,597 | 170,000 |
| Other Liabilities | | | | | |
| Vested compensated absences | 30,368 | 35,180 | 22,121 | 43,427 | 25,765 |
| Net OPEB obligation | - | 179,767 | - | 179,767 | - |
| Total Other Liabilities | 30,368 | 214,947 | 22,121 | 223,194 | 25,765 |
| Total Business-type Activities Long-Term Liabilities | \$ 14,976,599 | \$ 214,947 | \$ 166,755 | \$ 15,024,791 | \$ 195,765 |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

| Business-type Activities General Obligation Debt | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/09 |
|--|------------------|-------------------|-------------------|--------------------------|----------------------|
| 2008 Series | 6/16/2008 | 12/1/2030 | 4.00% - 5.00% | \$ 15,030,000 | \$ 14,880,000 |
| Total Business-type Activities - General Obligation Debt | | | | | <u>\$ 14,880,000</u> |

Debt service requirements to maturity are as follows:

| Years | Business-type Activities General Obligation Debt | |
|-----------|---|----------------------|
| | Principal | Interest |
| 2010 | \$ 170,000 | \$ 737,645 |
| 2011 | 200,000 | 730,845 |
| 2012 | 235,000 | 722,845 |
| 2013 | 275,000 | 713,445 |
| 2014 | 315,000 | 702,445 |
| 2015-2019 | 2,270,000 | 3,259,225 |
| 2020-2024 | 3,865,000 | 2,546,225 |
| 2025-2029 | 6,055,000 | 1,370,755 |
| 2030 | <u>1,495,000</u> | <u>77,740</u> |
| Totals | <u>\$ 14,880,000</u> | <u>\$ 10,861,170</u> |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

F. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds

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

Tax Increment Financing Bonds at December 31, 2009, consists of the following:

| <u>Governmental Activities Tax Increment Financing Bonds</u> | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/09</u> |
|--|--------------------------|---------------------------|---------------------------|----------------------------------|-----------------------------|
| 2009 Series - 1st Avenue TIF | 6/30/2009 | 1/1/2028 | Variable 7.50% - | \$ 18,900,000 | \$ 18,900,000 |
| 2009 Series - Joliet Rd. TIF | 7/27/2009 | 7/1/2029 | 8.00% | 1,300,000 | <u>1,300,000</u> |
| Total Governmental Activities Tax Increment Financing Bonds | | | | | <u>\$ 20,200,000</u> |

Interest on the variable rate 2009 Series - 1st Avenue TIF bonds is calculated at the monthly LIBOR rate in U.S. dollars effective the first day of each month plus 2% and multiplied by the designated tax exempt percentage of 70%. The interest rate as of 12/31/09 was 1.56%.

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities Tax Increment Financing Bonds</u> | |
|--------------|--|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2010 | \$ - | \$ 396,493 |
| 2011 | 705,000 | 386,841 |
| 2012 | 735,000 | 375,609 |
| 2013 | 770,000 | 363,870 |
| 2014 | 805,000 | 351,585 |
| 2015-2019 | 4,590,000 | 1,573,338 |
| 2020-2024 | 5,720,000 | 1,185,730 |
| 2025-2029 | <u>6,875,000</u> | <u>655,326</u> |
| Totals | <u>\$ 20,200,000</u> | <u>\$ 5,288,792</u> |

Capital Leases

Refer to Note III G.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2005 the village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$135,099, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2009, are as follows:

| <u>Years</u> | <u>Governmental Activities</u> | | |
|--------------|--------------------------------|-----------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
| 2010 | \$ 36,258 | \$ 1,789 | \$ 38,047 |
| Totals | <u>\$ 36,258</u> | <u>\$ 1,789</u> | <u>\$ 38,047</u> |

Lessor - Operating Leases

The village leases a portion of the McCook Athletic and Exposition Center to various tenants on a month to month basis. The village receives \$10,028 per month from current lease agreements. The approximate cost of the rented out space is \$278,672 and accumulated depreciation as of year end was \$6,502. Rentals include office space and use of athletic fields when space is available. There are no future minimum rental payments as leases are on a month-to-month basis.

H. LINE OF CREDIT

At December 31, 2009, the Village had a line of credit of \$1,250,000 with a maturity date of February 2, 2010. The Village did not utilize the line during the year, and therefore, owed \$0 at the year end on the line.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

I. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2009, includes the following:

Governmental Activities

| | |
|---|------------------------|
| Invested in Capital Assets, Net of Related Debt | |
| Land | \$ 132,491 |
| Land improvements | 5,376 |
| Buildings | 780,948 |
| Machinery and equipment | 368,690 |
| Infrastructure | 626,554 |
| Vehicles | 395,115 |
| Less: Long-term debt outstanding | <u>(36,258)</u> |
| Total Invested in Capital Assets, Net of Related Debt | <u>2,272,916</u> |
| Restricted | |
| Highways and streets | 30,692 |
| Public safety | 447,524 |
| Community development | <u>4,190,740</u> |
| Total Restricted | <u>4,668,956</u> |
| Unrestricted (deficit) | <u>(22,974,742)</u> |
| Total Governmental Activities Net Assets | <u>\$ (16,032,870)</u> |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

I. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2009, include the following:

| | |
|--|---------------------|
| Reserved | |
| Major Funds | |
| General Fund | |
| Prepaid items | \$ 106,817 |
| Drug enforcement | 447,524 |
| Advances to other funds | <u>191,207</u> |
| Total | <u>\$ 745,548</u> |
| Non-Major Funds | |
| Special Revenue Funds | |
| Reserved for debt service | <u>\$ 201,948</u> |
| Total Non-Major Funds | <u>\$ 201,948</u> |
| Unreserved (designated) | |
| Major | |
| General Fund | |
| Holiday events | <u>\$ 30,152</u> |
| Total | <u>\$ 30,152</u> |
| Unreserved (undesignated) (deficit) | |
| Major Funds | |
| General | \$ (1,616,767) |
| 1st Avenue TIF | <u>3,533,600</u> |
| Total | <u>\$ 1,916,833</u> |
| Non-Major Funds | |
| Special Revenue Funds | |
| Motor Fuel Tax | \$ 30,692 |
| 911 E.T.S. | (70,059) |
| Joliet Road TIF | <u>184,976</u> |
| Total | <u>\$ 145,609</u> |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - 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 a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do issue separate reports on the pension plans. These reports can be obtained from the village's business office. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund - REG

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings for each year thereafter. IMRF provides 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 Illinois Compiled Statutes. 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 coverage of its own employees in IMRF, as specified by statute. For calendar year 2008, the village's required contribution rate was 2.17%.

Illinois Municipal Retirement Fund - SLEP

The employer's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

As set by statute, the village's Sheriff's Laws Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 12.83 percent of annual covered payroll. The village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension

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

At December 31, 2009, the Police Pension membership consisted of:

| | |
|--|------------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 14 |
| Current employees: | |
| Vested | 9 |
| Non vested | <u>9</u> |
| Total | <u><u>32</u></u> |

The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

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

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 July 1, 1993 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. For the year ended December 31, 2009, the village's contribution was 21.27% of covered payroll.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension

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

At December 31, 2009, the Firefighters' Pension Plan membership consisted of:

| | |
|--|----------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 2 |
| Current employees: | |
| Vested | 1 |
| Non vested | - |
| | <hr/> |
| Total | <u>3</u> |

The following is a summary of the Firefighters' Pension Fund as provided for in Illinois Compiled Statutes.

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

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2009, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective July 1, 1993 the village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded by the year 2033. For the year ended December 31, 2009, the village's contribution was 103.03% of covered payroll.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies

Police and Firefighters' Pension Plans

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

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

Annual Pension Cost

The village's annual required contribution for the current year and related information for each plan is as follows:

| | Illinois Municipal Retirement - REG | Illinois Municipal Retirement - SLEP | Police Pension | Firefighters' Pension |
|------------------------------|--|---|---------------------------------|---------------------------------|
| Actuarial valuation date | December 31, 2008 | December 31, 2008 | December 31, 2008 | December 31, 2008 |
| Contribution rates: | | | | |
| Employer | 2.17% | 12.83% | 0.00% | 0.00% |
| Employee | 4.50% | 7.50% | 9.91% | 9.46% |
| Annual required contribution | \$29,450 | \$9,107 | \$240,595 | \$39,582 |
| Contributions made | \$29,450 | \$9,107 | \$0 | \$0 |
| Actuarial cost method | Entry-age normal 5 year smoothed | Entry-age normal | Entry-age normal | Entry-age normal |
| Asset valuation method | market | Market | Market | Market |
| Amortization method | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll | Level percentage of payroll |
| Amortization period | 24 years, closed | 29 years, closed | 25 years, closed | 25 years, closed |
| Actuarial assumptions: | | | | |
| Investment rate of return | 7.50% Compounded annually | 7.5% Compounded annually | 7.00% Compounded annually | 7.00% Compounded annually |
| Projected salary increases | 0.4 to 11.6% | 0.4 to 11.6% | 5.50% | 5.50% |
| Inflation rate included | 4.00% | 4.0% | 3.00% | 3.00% |
| Cost-of-living adjustments | 3.00% | 3.0% | 3.00% | 3.00% |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Obligation

The following is the net pension obligation calculation as of 2010:

| Net Pension Obligation: | Police Pension | Firefighters' Pension |
|--|-------------------|--------------------------|
| Annual required contribution | \$ 235,869 | \$ 39,075 |
| Interest on net pension obligation | 13,946 | 1,498 |
| Adjustment to annual required contribution | <u>231,375</u> | <u>38,591</u> |
| Annual pension cost | 481,190 | 79,164 |
| Contributions made | <u>(250,000)</u> | <u>(85,000)</u> |
| Change in net pension obligation | 231,190 | (5,836) |
| Net pension obligation, beginning of year | <u>199,231</u> | <u>21,407</u> |
| Net pension obligation, end of year | <u>\$ 430,421</u> | <u>\$ 15,571</u> |

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

| | Fiscal Year | Illinois Municipal Retirement - REG | Illinois Municipal Retirement - SLEP | Police Pension | Firefighters' Pension |
|-------------------------------|-------------|--|---|-------------------|--------------------------|
| Annual pension cost (APC) | 2009 | \$ 29,450 | \$ 9,107 | \$ 481,190 | \$ 79,164 |
| | 2008 | 26,313 | 8,680 | 235,869 | 39,075 |
| | 2007 | 31,984 | N/A | 220,523 | 35,586 |
| Contributions made | 2009 | \$ 29,450 | \$ 9,107 | \$ 250,000 | \$ 85,000 |
| | 2008 | 26,313 | 8,680 | - | - |
| | 2007 | 31,984 | N/A | 180,000 | 35,000 |
| Percentage of APC contributed | 2009 | 100% | 100% | 52.0% | 107.4% |
| | 2008 | 100% | 100% | 0.0% | 0.0% |
| | 2007 | 100% | N/A | 81.6% | 98.4% |
| Net pension obligation | 2009 | \$ - | \$ - | \$ 430,421 | \$ 15,571 |
| | 2008 | - | - | 199,231 | 21,407 |
| | 2007 | - | N/A | 158,708 | 20,821 |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Funded Status and Funding Progress

The village's actuarial value of plan assets for the current year and related information is as follows:

| | Illinois Municipal Retirement | Illinois Municipal Retirement - SLEP | Police Pension | Firefighters' Pension |
|--|----------------------------------|---|----------------------|--------------------------|
| Actuarial Valuation Date | December 31, 2008 | December 31, 2008 | December 31, 2008 | December 31, 2008 |
| Actuarial Valuation of Assets (a) | \$ 2,348,531 | \$ 44,132 | \$ 6,551,581 | \$ 228,039 |
| Actuarial Accrued Liability (AAL) | | | | |
| - Entry Age (b) | \$ 1,941,783 | \$ 28,981 | \$ 11,604,736 | \$ 788,637 |
| Unfunded AAL (UAAL) (b - a) | \$ (406,748) | \$ (15,151) | \$ 5,053,155 | \$ 560,598 |
| Funded Ratio (a/b) | 120.95 % | 152.28% | 56.46% | 28.92 % |
| Covered Payroll (c) | \$ 1,357,168 | \$ 70,983 | \$ 1,175,382 | \$ 82,500 |
| UAAL as a percentage of Covered Payroll ((b-a) /c) | - % | -% | 429.90% | 679.50 % |

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

PENSION SEGMENT INFORMATION

Fiduciary Net Assets

| | Pension Trust | | |
|---|---------------------|-------------------|---------------------|
| | Police Pension | Fire Pension | Total |
| <hr/> | | | |
| Assets | | | |
| Cash and cash equivalents | \$ 933,333 | \$ 123,783 | \$ 1,057,116 |
| Investments | | | |
| Investments - certificates of deposits with banks | 200,000 | 197,279 | 397,279 |
| Investments - other, at fair value | 6,138,510 | - | 6,138,510 |
| Receivables - (net allowances for uncollectibles) | | | |
| Interest receivable | 6,173 | - | 6,173 |
| Total assets | <u>7,278,016</u> | <u>321,062</u> | <u>7,599,078</u> |
| Liabilities | | | |
| Net assets | | | |
| Unreserved fund balance | <u>\$ 7,278,016</u> | <u>\$ 321,062</u> | <u>\$ 7,599,078</u> |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Assets

| | Pension Trust | | |
|---|---------------------|-------------------|---------------------|
| | Police Pension | Fire Pension | Total |
| Additions | | | |
| Contributions | | | |
| Employee contributions | \$ 119,307 | \$ 5,904 | \$ 125,211 |
| Employer contributions | <u>250,000</u> | <u>85,000</u> | <u>335,000</u> |
| Total contributions | <u>369,307</u> | <u>90,904</u> | <u>460,211</u> |
| Investment Income | | | |
| Bank deposits | 18,368 | 4,764 | 23,132 |
| Government securities | 23,817 | - | 23,817 |
| Insurance contracts | 25,227 | - | 25,227 |
| Net appreciation in fair value of investments | <u>942,191</u> | <u>-</u> | <u>942,191</u> |
| Net investment income | <u>1,009,603</u> | <u>4,764</u> | <u>1,014,367</u> |
| Total additions | <u>1,378,910</u> | <u>95,668</u> | <u>1,474,578</u> |
| Deductions | | | |
| Payments to participants | 481,285 | - | 481,285 |
| Payments to beneficiaries | 152,031 | - | 152,031 |
| Other | <u>19,159</u> | <u>2,645</u> | <u>21,804</u> |
| Total deductions | <u>652,475</u> | <u>2,645</u> | <u>655,120</u> |
| Net change in net assets | 726,435 | 93,023 | 819,458 |
| Net assets, beginning of year | <u>6,551,581</u> | <u>228,039</u> | <u>6,779,620</u> |
| Net assets, end of year | <u>\$ 7,278,016</u> | <u>\$ 321,062</u> | <u>\$ 7,599,078</u> |

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

IMLRA

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

C. COMMITMENTS AND CONTINGENCIES

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

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

In 2006, the village issued a municipal sales tax revenue obligation as part of the TIF development agreement. The amount of the obligation was \$6,000,000, and is payable to the developer and retailer solely from sales taxes collected from the business district development.

Payments are scheduled for 52 quarters commencing in 2008, for 100 percent of the BDR Tax generated from the Phase I property. The obligation does not constitute a charge upon any funds of the village. In the event that future sales tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balances of the commitment outstanding at year end was \$6,000,000.

The village has an unused line of credit with Republic Bank in the amount of \$1,250,000. The maturity date is February 2, 2010. The interest rate is Republic Bank's floating prime rate.

D. OTHER POSTEMPLOYMENT BENEFITS

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Village employees who retire with 25 or more years of service and at age 55 years or older are eligible to receive the post-employment benefits. The village contributes 100 percent of the current year premiums for medical and dental coverage and a \$10,000 life insurance benefit for eligible retired plan members and their families. Beginning July 1, 2008, police officers with at least 20 years of service and at age 50 years or older have the option to retire and receive 50% of their medical, dental, life insurance post-employment benefits paid for by the village. For fiscal year 2009, the village contributed \$152,066 to the plan. Plan members receiving benefits are not required to make any contributions to the plan.

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

| | |
|--|--------------------------|
| Annual required contribution | \$ 1,051,718 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | <u>-</u> |
| Annual OPEB cost | 1,051,718 |
| Contributions made | <u>(152,066)</u> |
| Increase in net OPEB obligation | 899,652 |
| Net OPEB Obligation - Beginning of Year | <u>-</u> |
| Net OPEB Obligation - End of Year | <u><u>\$ 899,652</u></u> |

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-----------------------------|---|--------------------------------|
| 12/31/2009 | \$ 1,051,718 | 14.46% | \$ 899,652 |

The funded status of the plan as of December 31, 2009, the most recent actuarial valuation date, was as follows:

| | |
|---|----------------------------|
| Actuarial accrued liability (AAL) | \$ 7,738,615 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded Actuarial Accrued Liability (UAAL) | <u><u>\$ 7,738,615</u></u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (active plan members) | \$ 3,455,488 |
| UAAL as a percentage of covered payroll | 223% |

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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 MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The following simplifying assumptions were made:

1. Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.
2. Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.
3. Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2003 United States Tables for Males and for Females were used.
4. Turnover – Non-group-specific age-based turnover data from GASB Statement No. 45 were used as a basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
5. Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 6.9 percent initially, reduced to an ultimate rate of 6.8 percent after 99 years, was used.
6. Health insurance premiums – 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
7. Inflation rate – The expected long-term inflation assumption of 3.3 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the 2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.
8. Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the village's short-term investment portfolio, a discount rate of 1.65 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 29 years.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

E. TAX INCREMENT FINANCING DISTRICT

The Village of McCook 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.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Application of these standards may restate portions of these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2008

| | Original and Final Budget | Actual | Variance with Final Budget | 2008 Actual |
|---|------------------------------|------------------|-------------------------------|------------------|
| REVENUES | | | | |
| TAXES | | | | |
| Real estate | \$ 2,100,000 | \$ 1,982,186 | \$ (117,814) | \$ 2,101,710 |
| Replacement | 525,000 | 443,235 | (81,765) | 525,389 |
| State income | 22,000 | 18,221 | (3,779) | 24,045 |
| Sales | 580,000 | 455,634 | (124,366) | 562,255 |
| Dumping | 60,000 | 56,476 | (3,524) | 57,796 |
| Tax stamp | 50,000 | 41,085 | (8,915) | 117,560 |
| Mineral sales/use | 66,000 | 32,093 | (33,907) | 65,142 |
| 2% fire | 6,000 | 7,142 | 1,142 | 3,097 |
| Environmental | 40,000 | 40,000 | - | 40,000 |
| Telecommunication | 100,000 | 94,684 | (5,316) | 105,196 |
| Host | 7,000 | 8,052 | 1,052 | 10,101 |
| Waste transfer | 71,000 | 76,300 | 5,300 | 80,058 |
| Total Taxes | <u>3,627,000</u> | <u>3,255,108</u> | <u>(371,892)</u> | <u>3,692,349</u> |
| INTERGOVERNMENTAL | | | | |
| State forfeiture | - | 3,775 | 3,775 | 569 |
| Federal forfeiture | - | 437,156 | 437,156 | 127,868 |
| Total Intergovernmental | <u>-</u> | <u>440,931</u> | <u>440,931</u> | <u>128,437</u> |
| Licenses, permits and fees | 516,000 | 1,020,151 | 504,151 | 343,095 |
| Fines and police reports | 175,000 | 206,796 | 31,796 | 199,194 |
| Interest | 30,000 | 21,590 | (8,410) | 49,789 |
| Miscellaneous | 232,000 | 123,100 | (108,900) | 85,441 |
| Total Revenues | <u>4,580,000</u> | <u>5,067,676</u> | <u>487,676</u> | <u>4,498,305</u> |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| General government | 2,435,400 | 2,043,500 | 391,900 | 2,071,363 |
| PUBLIC SAFETY | | | | |
| License and enforcement | 70,000 | 51,998 | 18,002 | 18,249 |
| Police department | 2,228,800 | 2,312,260 | (83,460) | 2,010,426 |
| Fire department | 938,000 | 798,482 | 139,518 | 821,838 |
| Board of police and fire commissioners | 12,200 | 7,793 | 4,407 | 8,918 |
| Health department | 19,000 | 11,374 | 7,626 | 8,220 |
| Environmental control | 30,100 | 13,043 | 17,057 | - |
| Total Public Safety | <u>3,298,100</u> | <u>3,194,950</u> | <u>103,150</u> | <u>2,867,651</u> |

See accompanying auditor's report and notes to required supplementary information.

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2008

| | Original and Final Budget | Actual | Variance with Final Budget | 2008 Actual |
|--|------------------------------|---------------------|-------------------------------|---------------------|
| PUBLIC WORKS | | | | |
| Buildings and grounds | \$ 345,000 | \$ 236,782 | \$ 108,218 | \$ 266,987 |
| Sanitation | 12,500 | 1,312 | 11,188 | 2,476 |
| Streets | 212,100 | 13,101 | 198,999 | 18,706 |
| Street lighting | 71,000 | 31,492 | 39,508 | 33,355 |
| Total Public Works | <u>640,600</u> | <u>282,687</u> | <u>357,913</u> | <u>321,524</u> |
| DEBT SERVICE | | | | |
| Principal retirement | - | 183,276 | (183,276) | 442,913 |
| Interest and other | - | 5,904 | (5,904) | 16,807 |
| Total Debt Service | <u>-</u> | <u>189,180</u> | <u>(189,180)</u> | <u>459,720</u> |
| CAPITAL OUTLAY | | | | |
| General government | 8,000 | 6,926 | 1,074 | 5,195 |
| License and enforcement | 4,000 | 625 | 3,375 | 3,239 |
| Police department | 95,000 | 3,273 | 91,727 | 67,874 |
| Fire department | 178,500 | 150,741 | 27,759 | 13,778 |
| Buildings and grounds | 123,000 | 48,976 | 74,024 | 33,901 |
| Streets | 45,000 | 6,368 | 38,632 | 5,803 |
| Street lighting | 60,000 | 24,112 | 35,888 | 31,038 |
| Total Capital Outlay | <u>513,500</u> | <u>241,021</u> | <u>272,479</u> | <u>160,828</u> |
| Total Expenditures | <u>6,887,600</u> | <u>5,951,338</u> | <u>936,262</u> | <u>5,881,086</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,307,600)</u> | <u>(883,662)</u> | <u>1,423,938</u> | <u>(1,382,781)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 300,000 | 397,846 | 97,846 | 379,860 |
| Proceeds of capital leases | - | 148,725 | 148,725 | - |
| Total Other Financing Sources | <u>300,000</u> | <u>546,571</u> | <u>246,571</u> | <u>379,860</u> |
| Net Change in Fund Balance | <u>\$ (2,007,600)</u> | <u>(337,091)</u> | <u>\$ 1,670,509</u> | <u>(1,002,921)</u> |
| FUND BALANCE - Beginning of Year | | <u>(503,976)</u> | | <u>498,945</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | | <u>\$ (841,067)</u> | | <u>\$ (503,976)</u> |

See accompanying auditor's report and notes to required supplementary information.

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2009

| <u>Actuarial Valuation Date</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net Pension Obligation</u> |
|---|---|--|-----------------------------------|
| 12/31/08 | \$ 29,450 | 100.00% | \$ - |
| 12/31/07 | 26,313 | 100.00% | - |
| 12/31/06 | 31,984 | 100.00% | - |

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|--------------------------------|-------------------------|----------------------------|--|
| 12/31/08 | \$ 2,348,531 | \$ 1,941,783 | \$ (406,748) | 120.95% | \$ 1,357,168 | -% |
| 12/31/07 | 2,751,893 | 1,862,465 | (889,428) | 147.76% | 1,074,018 | -% |
| 12/31/06 | 2,453,574 | 1,529,641 | (923,933) | 160.40% | 890,921 | -% |
| 12/31/05 | 2,147,797 | 1,308,471 | (839,326) | 164.15% | 792,580 | -% |
| 12/31/04 | 1,956,657 | 1,174,246 | (782,411) | 166.63% | 912,840 | -% |
| 12/31/03 | 1,876,606 | 1,116,496 | (760,110) | 168.08% | 912,795 | -% |

Digest of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

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

| | |
|-------------------------------|---------------------------------|
| Valuation date | 12/31/2008 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 29 years |
| Asset valuation method | Market |
| Actuarial assumptions: | |
| Investment rate of return | 7.50% |
| Projected salary increases | 0.4 - 11.6% |
| Inflation factor | 4.00% |
| Cost of living adjustments | 3.00% |

See accompanying auditor's report and notes to required supplementary information.

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2009

| | | Actuarial Valuation Date | Annual Required Contribution (ARC) | Percentage of ARC Contributed | Net Pension Obligation | |
|--------------------------------|---------------------------------|---|---|-------------------------------------|---------------------------|--|
| | | 12/31/08 | \$ 9,107 | 100.00% | \$ - | |
| | | 12/31/07 | 8,680 | 100.00% | - | |
| | | 12/31/06 | N/A | N/A | N/A | |
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
| 12/31/08 | \$ 44,132 | \$ 28,981 | \$ (15,151) | 152.28% | \$ 70,983 | 0.00% |
| 12/31/07 | 29,277 | 14,115 | (15,162) | 207.42% | 66,106 | 0.00% |
| 12/31/06 | N/A | N/A | N/A | N/A | N/A | N/A |

N/A - The year ended December 31, 2007 was the first year of the Illinois Municipal Retirement Fund for SLEP employees. As such, the preceding year's information is not applicable.

Digest of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

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

| | |
|-------------------------------|---------------------------------|
| Valuation date | 12/31/2008 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 29 years |
| Asset valuation method | Market |
| Actuarial assumptions: | |
| Investment rate of return | 7.50% |
| Projected salary increases | 0.4 - 11.6% |
| Inflation factor | 4.00% |
| Cost of living adjustments | 3.00% |

See accompanying auditor's report and notes to required supplementary information.

VILLAGE OF MCCOOK

POLICE PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2009

| <u>Fiscal Year Ended</u> | <u>Cost (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------|-------------------|--------------------------------------|-------------------------------|
| 12/31/2009 | \$ 235,869 | 105.99% | \$ 430,421 |
| 12/31/2008 | 220,523 | 97.30% | 199,231 |
| 12/31/2007 | 192,225 | 0.00% | 158,708 |

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| 12/31/2008 | \$ 6,551,581 | \$11,604,736 | \$ 5,053,155 | 56.46% | \$ 1,175,382 | 429.92% |
| 12/31/2007 | 9,161,937 | 10,929,706 | 1,767,769 | 83.83% | 959,358 | 184.27% |
| 12/31/2006 | 9,049,092 | 10,586,209 | 1,537,117 | 85.48% | 974,280 | 157.77% |
| 12/31/2005 | 8,557,861 | 9,866,183 | 1,308,322 | 86.74% | 864,157 | 151.40% |
| 12/31/2004 | N/A | N/A | N/A | N/A | N/A | N/A |
| 12/31/2003 | 7,976,608 | 9,042,828 | 1,066,220 | 88.21% | 844,122 | 126.31% |

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

| | |
|-------------------------------|---------------------------------|
| Valuation date | 12/31/2008 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 25 years |
| Asset valuation method | Market |
| Actuarial assumptions: | |
| Investment rate of return | 7.00% |
| Projected salary increases | 5.50% |
| Inflation factor | 3.00% |
| Cost of living adjustments | 3.00% |

VILLAGE OF MCCOOK

FIREFIGHTERS' PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2009

| <u>Fiscal Year Ended</u> | <u>Cost (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------|-------------------|--------------------------------------|-------------------------------|
| 12/31/2009 | \$ 39,075 | 217.53% | \$ 15,571 |
| 12/31/2008 | 35,586 | 110.80% | 21,407 |
| 12/31/2007 | 31,635 | 110.20% | 20,821 |

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| 12/31/2008 | \$ 228,039 | \$ 788,637 | \$ 560,598 | 28.92% | \$ 82,500 | 679.51% |
| 12/31/2007 | 224,659 | 768,412 | 543,753 | 29.24% | 74,970 | 725.29% |
| 12/31/2006 | 203,838 | 726,298 | 522,460 | 28.07% | 71,400 | 731.74% |
| 12/31/2005 | 194,715 | 669,098 | 474,383 | 29.10% | 64,751 | 732.63% |
| 12/31/2004 | N/A | N/A | N/A | N/A | N/A | N/A |
| 12/31/2003 | 219,961 | 623,187 | 403,226 | 35.30% | 60,480 | 666.71% |

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

| | |
|-------------------------------|---------------------------------|
| Valuation date | 12/31/2008 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 25 years |
| Asset valuation method | Market |
| Actuarial assumptions: | |
| Investment rate of return | 7.00% |
| Projected salary increases | 5.50% |
| Inflation factor | 3.00% |
| Cost of living adjustments | 3.00% |

VILLAGE OF MCCOOK

RETIREES' HEALTH PLAN SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2009

| <u>Actuarial Valuation Date</u> | <u>Cost (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net OPEB</u> |
|---|-------------------|--|-----------------|
| 12/31/2009 | \$ 1,051,718 | 14.46% | \$ 899,652 |
| 12/31/2008 | N/A | N/A% | N/A |
| 12/31/2007 | N/A | N/A% | N/A |

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|--------------------------------|-------------------------|----------------------------|--|
| 12/31/2009 | \$ - | \$ 7,738,615 | \$ 7,738,615 | 0.00% | \$ 3,455,488 | 223.95% |
| 12/31/2008 | N/A | N/A | N/A | N/A% | N/A | N/A% |
| 12/31/2007 | N/A | N/A | N/A | N/A% | N/A | N/A% |

N/A - The year ended December 31, 2009 was the first year of implementation of GASB 45. As such, two preceding years' information is not applicable.

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

| | |
|-------------------------------|---------------------------------|
| Valuation date | 12/31/2009 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 30 years |
| Asset valuation method | Market |
| Actuarial assumptions: | |
| Investment rate of return | 5.00% |
| Projected salary increases | 3.30% |
| Inflation factor | 3.30% |

VILLAGE OF MCCOOK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2009

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

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SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2009

| | Motor Fuel Tax Fund | 911 E.T.S. Fund | Joliet Road TIF | Total Nonmajor Governmental Funds |
|--|------------------------|--------------------|--------------------|--|
| ASSETS | | | | |
| Cash | \$ 22,506 | \$ 120,646 | \$ 184,976 | \$ 328,128 |
| Intergovernmental receivable | 522 | - | - | 522 |
| Receivables | | | | |
| Real estate taxes | - | - | 196,000 | 196,000 |
| Other | - | 507 | - | 507 |
| Restricted cash and investments | - | - | 201,948 | 201,948 |
| Due from other funds | 7,664 | - | - | 7,664 |
| TOTAL ASSETS | <u>\$ 30,692</u> | <u>\$ 121,153</u> | <u>\$ 582,924</u> | <u>\$ 734,769</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 5 | \$ - | \$ 5 |
| Interfund advances | - | 191,207 | - | 191,207 |
| Unearned revenue | - | - | 196,000 | 196,000 |
| Total Liabilities | - | 191,212 | 196,000 | 387,212 |
| Fund Balances (Deficit) | | | | |
| Reserved for | | | | |
| Restricted for debt service | - | - | 201,948 | 201,948 |
| Unreserved fund balance | 30,692 | (70,059) | 184,976 | 145,609 |
| Total Fund Balances (deficit) | 30,692 | (70,059) | 386,924 | 347,557 |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 30,692</u> | <u>\$ 121,153</u> | <u>\$ 582,924</u> | <u>\$ 734,769</u> |

VILLAGE OF MCCOOK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

| | Motor Fuel Tax | 911 E.T.S. | Joliet Road TIF | Total Nonmajor Governmental Funds |
|---|-------------------|--------------------|--------------------|--|
| REVENUES | | | | |
| Real estate taxes | \$ - | \$ - | \$ 70,100 | \$ 70,100 |
| Motor fuel tax | 6,504 | - | - | 6,504 |
| Fees collected | - | 7,988 | - | 7,988 |
| Interest | 65 | - | 884 | 949 |
| Total Revenues | <u>6,569</u> | <u>7,988</u> | <u>70,984</u> | <u>85,541</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community development | - | - | 932,081 | 932,081 |
| Maintenance and service | - | 4,557 | - | 4,557 |
| Debt Service | | | | |
| Interest and other | - | - | 41,979 | 41,979 |
| Total Expenditures | <u>-</u> | <u>4,557</u> | <u>974,060</u> | <u>978,617</u> |
| Excess (deficiency) of revenues over expenditures | <u>6,569</u> | <u>3,431</u> | <u>(903,076)</u> | <u>(893,076)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (10,000) | (10,000) |
| General obligation bonds issued | - | - | 1,300,000 | 1,300,000 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>1,290,000</u> | <u>1,290,000</u> |
| Net Change in Fund Balances | 6,569 | 3,431 | 386,924 | 396,924 |
| FUND BALANCES (DEFICIT) | | | | |
| - Beginning of Year | <u>24,123</u> | <u>(73,490)</u> | <u>-</u> | <u>(49,367)</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 30,692</u> | <u>\$ (70,059)</u> | <u>\$ 386,924</u> | <u>\$ 347,557</u> |

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MOTOR FUEL TAX SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2008

| | Original and Final Budget | Actual | Variance with Final Budget | 2008 Actual |
|-----------------------------------|------------------------------|------------------|-------------------------------|------------------|
| REVENUES | | | | |
| Motor fuel tax allotments | \$ - | \$ 6,504 | \$ 6,504 | \$ 6,670 |
| Interest | - | 65 | 65 | 214 |
| Total Revenues | - | 6,569 | 6,569 | 6,884 |
| EXPENDITURES | | | | |
| Road construction | 20,000 | - | 20,000 | 61,440 |
| Miscellaneous | 5,000 | - | 5,000 | - |
| Total Expenditures | 25,000 | - | 25,000 | 61,440 |
| Net Change in Fund Balance | (25,000) | 6,569 | 31,569 | (54,556) |
| FUND BALANCE - Beginning of Year | 24,123 | 24,123 | - | 78,679 |
| FUND BALANCE - END OF YEAR | <u>\$ (877)</u> | <u>\$ 30,692</u> | <u>\$ 31,569</u> | <u>\$ 24,123</u> |

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - 911 E.T.S. SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2008

| | Original and Final Budget | Actual | Variance with Final Budget | 2008 Actual |
|---|------------------------------|--------------------|-------------------------------|--------------------|
| REVENUES | | | | |
| Fees collected | \$ - | \$ 7,988 | \$ 7,988 | \$ 11,688 |
| Total Revenues | - | 7,988 | 7,988 | 11,688 |
| EXPENDITURES | | | | |
| Maintenance and service | 20,000 | 4,557 | 15,443 | 4,154 |
| Salary | 5,000 | - | 5,000 | - |
| Total Expenditures | 25,000 | 4,557 | 20,443 | 4,154 |
| Net Change in Fund Balance | (25,000) | 3,431 | 28,431 | 7,534 |
| FUND BALANCE (DEFICIT) - Beginning of Year | (73,490) | (73,490) | - | (81,024) |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ (98,490)</u> | <u>\$ (70,059)</u> | <u>\$ 28,431</u> | <u>\$ (73,490)</u> |

VILLAGE OF MCCOOK

COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS DECEMBER 31, 2009

| | Police Pension | Firefighters' Pension | Totals |
|---|---------------------|--------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 933,333 | \$ 123,783 | \$ 1,057,116 |
| Investments - certificates of deposits with banks | 200,000 | 197,279 | 397,279 |
| Investments - other, at fair value | 6,138,510 | - | 6,138,510 |
| Interest receivable | <u>6,173</u> | <u>-</u> | <u>6,173</u> |
| Total Assets | <u>7,278,016</u> | <u>321,062</u> | <u>7,599,078</u> |
| LIABILITIES | | | |
| NET ASSETS | | | |
| Held in trust for pension benefits | <u>\$ 7,278,016</u> | <u>\$ 321,062</u> | <u>\$ 7,599,078</u> |

VILLAGE OF MCCOOK

COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

| | Police Pension | Firefighters' Pension | Totals |
|---|---------------------|--------------------------|---------------------|
| ADDITIONS | | | |
| Employee contributions | \$ 119,307 | \$ 5,904 | \$ 125,211 |
| Employer contributions | <u>250,000</u> | <u>85,000</u> | <u>335,000</u> |
| Total | <u>369,307</u> | <u>90,904</u> | <u>460,211</u> |
| Investment income | | | |
| Bank deposits | 18,368 | 4,764 | 23,132 |
| Government securities | 23,817 | - | 23,817 |
| Insurance contracts | 25,227 | - | 25,227 |
| Net appreciation in fair value of investments | <u>942,191</u> | <u>-</u> | <u>942,191</u> |
| Total Investment Income | <u>1,009,603</u> | <u>4,764</u> | <u>1,014,367</u> |
| Total Additions | <u>1,378,910</u> | <u>95,668</u> | <u>1,474,578</u> |
| DEDUCTIONS | | | |
| Payments to participants | 481,285 | - | 481,285 |
| Payments to beneficiaries | 152,031 | - | 152,031 |
| Administrative | <u>19,159</u> | <u>2,645</u> | <u>21,804</u> |
| Total Deductions | <u>652,475</u> | <u>2,645</u> | <u>655,120</u> |
| Change in Net Assets | 726,435 | 93,023 | 819,458 |
| NET ASSETS - Beginning of Year | <u>6,551,581</u> | <u>228,039</u> | <u>6,779,620</u> |
| NET ASSETS, END OF YEAR | <u>\$ 7,278,016</u> | <u>\$ 321,062</u> | <u>\$ 7,599,078</u> |

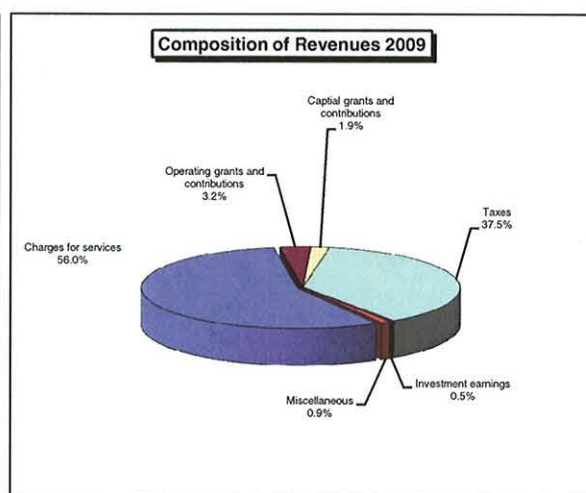
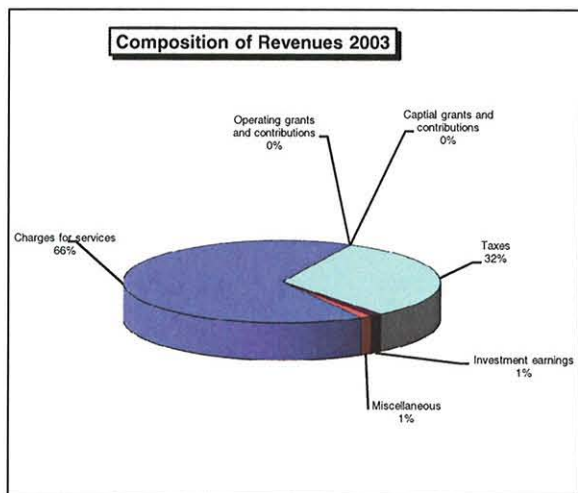
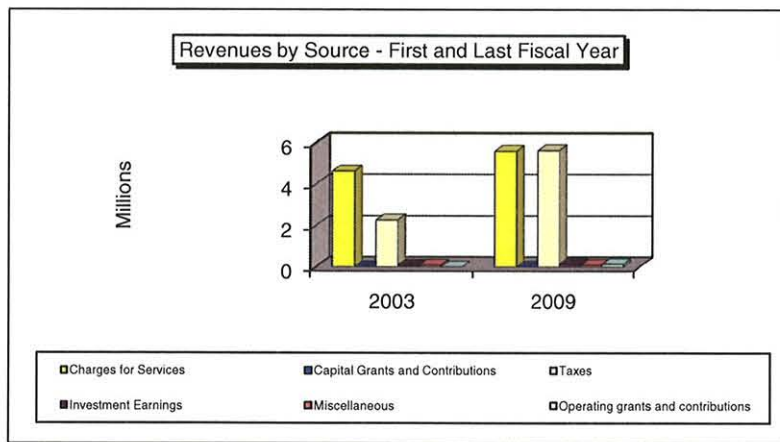
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OTHER INFORMATION

VILLAGE OF McCOOK

GOVERNMENT-WIDE REVENUES BY TYPE LAST SEVEN FISCAL YEARS

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Program Revenues | | | | | | | |
| Charges for services | \$ 4,626,029 | \$ 4,668,897 | \$ 5,408,892 | \$ 5,351,922 | \$ 5,392,677 | \$ 5,604,956 | \$ 7,943,571 |
| Operating grants and contributions | - | - | - | 240,985 | 211,603 | 135,107 | 447,435 |
| Capital grants and contributions | - | 177,169 | 253,451 | - | - | - | 275,000 |
| Total Program Revenues | 4,626,029 | 4,846,066 | 5,662,343 | 5,592,907 | 5,604,280 | 5,740,063 | 8,666,006 |
| General Revenues | | | | | | | |
| Taxes | 2,273,419 | 2,053,461 | 3,495,621 | 3,757,483 | 4,905,922 | 5,635,766 | 5,321,541 |
| Investment earnings | 82,674 | 40,865 | 37,655 | 102,249 | 118,731 | 144,309 | 73,331 |
| Miscellaneous | 85,828 | 88,493 | 132,949 | 97,557 | 79,334 | 85,441 | 132,669 |
| Total General Revenues | 2,441,921 | 2,182,819 | 3,666,225 | 3,957,289 | 5,103,987 | 5,865,516 | 5,527,541 |
| Total Revenues | \$ 7,067,950 | \$ 7,028,885 | \$ 9,328,568 | \$ 9,550,196 | \$ 10,708,267 | \$ 11,605,579 | \$ 14,193,547 |

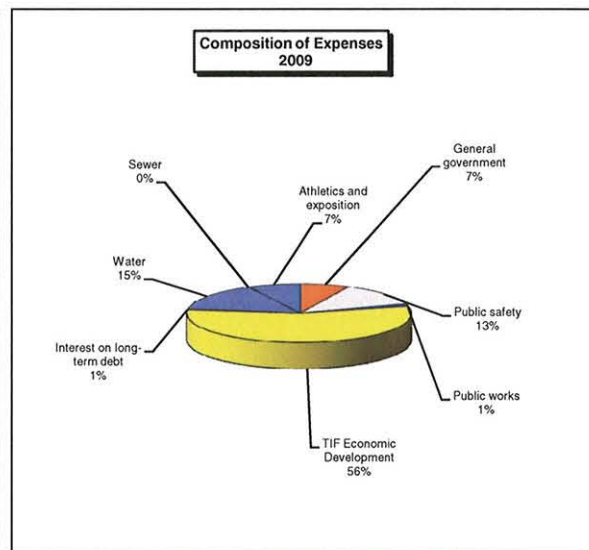
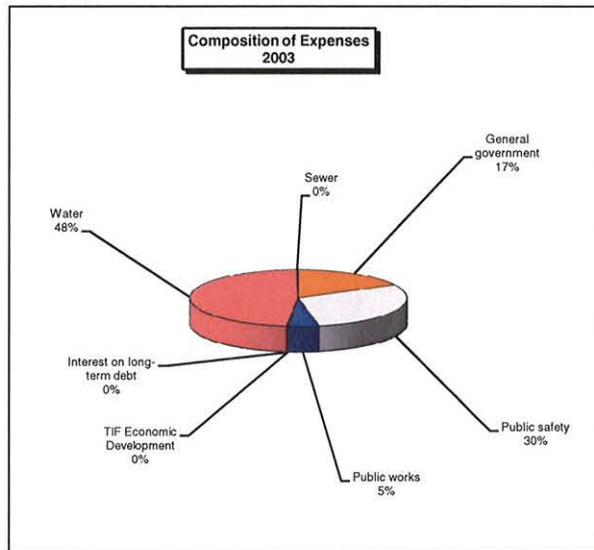
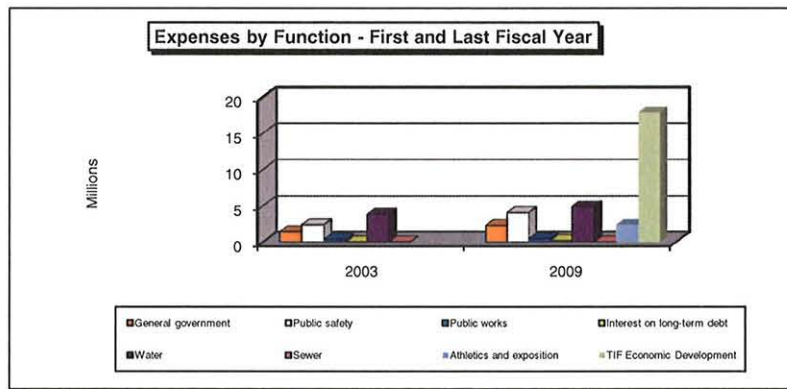


SOURCE OF INFORMATION: 2003-2009 financial statements

VILLAGE OF McCOOK

GOVERNMENT-WIDE EXPENSES BY FUNCTION LAST SEVEN FISCAL YEARS

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Governmental Activities | | | | | | | |
| General government | \$ 1,390,535 | \$ 1,469,436 | \$ 1,532,744 | \$ 1,679,433 | \$ 1,949,506 | \$ 2,235,288 | \$ 2,284,217 |
| Public safety | 2,381,438 | 2,486,968 | 2,269,713 | 2,676,559 | 2,870,784 | 3,214,379 | 4,081,522 |
| Public works | 370,852 | 315,198 | 350,404 | 422,101 | 389,620 | 359,003 | 450,822 |
| TIF economic development | - | - | - | - | - | 2,798,857 | 17,845,573 |
| Interest on long-term debt | 18,188 | 22,776 | 44,457 | 37,595 | 27,646 | 13,622 | 202,053 |
| Total Governmental Activities | 4,161,013 | 4,294,378 | 4,197,318 | 4,815,688 | 5,237,556 | 8,621,149 | 24,864,187 |
| Business-type Activities | | | | | | | |
| Water | 3,862,084 | 3,867,830 | 4,091,521 | 4,038,097 | 4,114,317 | 4,400,423 | 4,869,143 |
| Sewer | 17,347 | 3,317 | 1,200 | 4,420 | 1,000 | 2,000 | 2,000 |
| Athletics and exposition | - | - | - | - | - | 700,355 | 2,402,320 |
| Total Business-type Activities | 3,879,431 | 3,871,147 | 4,092,721 | 4,042,517 | 4,115,317 | 5,102,778 | 7,273,463 |
| Total Expenses | \$ 8,040,444 | \$ 8,165,525 | \$ 8,290,039 | \$ 8,858,205 | \$ 9,352,873 | \$ 13,723,927 | \$ 32,137,650 |



SOURCE OF INFORMATION: 2003-2009 Financial Statements

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS REVENUES BY SOURCE * LAST TEN FISCAL YEARS

| | 2009 | 2008 | 2007 | 2006 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Local Sources | | | | |
| Taxes | \$ 5,321,541 | \$ 5,635,766 | \$ 4,905,922 | \$ 3,757,483 |
| Intergovernmental | 447,435 | 135,107 | 211,603 | 240,985 |
| Licenses, permits, and fees | 1,028,139 | 354,783 | 493,298 | 469,607 |
| Fines and police reports | 206,796 | 199,194 | 142,737 | 138,189 |
| Interest earned | 59,472 | 53,482 | 100,312 | 82,158 |
| Miscellaneous | 123,100 | 85,441 | 79,334 | 97,557 |
| Total Local Sources | \$ 7,186,483 | \$ 6,463,773 | \$ 5,933,206 | \$ 4,785,979 |

* - Includes revenues for all Governmental Fund Types.

SOURCE OF INFORMATION: 2000-2009 Annual Financial Statements.

| <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 3,495,621 | \$ 2,046,212 | \$ 2,266,210 | \$ 1,375,274 | \$ 1,839,058 | \$ 2,015,965 |
| 76,282 | 57,881 | 7,209 | 7,226 | 7,283 | 7,811 |
| 299,024 | 242,285 | 201,653 | 596,628 | 634,576 | 367,109 |
| 118,906 | 71,051 | 123,111 | 106,412 | 139,846 | 127,066 |
| 32,069 | 21,625 | 48,850 | 104,058 | 190,339 | 184,046 |
| <u>118,949</u> | <u>99,315</u> | <u>87,459</u> | <u>118,256</u> | <u>76,116</u> | <u>83,164</u> |
| <u>\$ 4,140,851</u> | <u>\$ 2,538,369</u> | <u>\$ 2,734,492</u> | <u>\$ 2,307,854</u> | <u>\$ 2,887,218</u> | <u>\$ 2,785,161</u> |

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION* LAST TEN FISCAL YEARS

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Current Operating | | | | |
| General Government | \$ 2,050,426 | \$ 2,076,558 | \$ 1,878,769 | \$ 1,691,461 |
| TIF Economic Development | 18,270,823 | 2,798,857 | - | - |
| Public Safety | 3,354,146 | 3,013,519 | 2,850,256 | 2,480,555 |
| Public Works | 362,143 | 396,883 | 329,921 | 349,571 |
| Debt Service | <u>231,159</u> | <u>459,720</u> | <u>465,263</u> | <u>464,354</u> |
| Total Operating | <u>24,268,697</u> | <u>8,745,537</u> | <u>5,524,209</u> | <u>4,985,941</u> |
| Total | <u>\$ 24,268,697</u> | <u>\$ 8,745,537</u> | <u>\$ 5,524,209</u> | <u>\$ 4,985,941</u> |

* - Includes expenditures for all Governmental Fund Types.

SOURCE OF INFORMATION: 2000-2009 Annual Financial Statements.

| <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 1,556,911 | \$ 1,458,189 | \$ 1,369,970 | \$ 1,261,763 | \$ 1,230,098 | \$ 940,348 |
| - | - | - | - | - | - |
| 2,194,391 | 2,596,072 | 2,308,053 | 2,427,199 | 2,061,571 | 1,723,251 |
| 387,515 | 790,361 | 325,931 | 285,259 | 203,233 | 179,907 |
| <u>478,432</u> | <u>106,206</u> | <u>83,851</u> | <u>57,647</u> | <u>35,697</u> | <u>47,596</u> |
| <u>4,617,249</u> | <u>4,950,828</u> | <u>4,087,805</u> | <u>4,031,868</u> | <u>3,530,599</u> | <u>2,891,102</u> |
| <u>\$ 4,617,249</u> | <u>\$ 4,950,828</u> | <u>\$ 4,087,805</u> | <u>\$ 4,031,868</u> | <u>\$ 3,530,599</u> | <u>\$ 2,891,102</u> |

VILLAGE OF McCOOK

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

| | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Rates Extended* | | | | |
| Corporate | 1.4182 | 1.2777 | 1.3554 | 1.3346 |
| Bond & Interest | 0.0000 | 0.1855 | 0.2016 | 0.2028 |
| Police Pension | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| IMRF | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Fire Pension | <u>0.0000</u> | <u>0.0000</u> | <u>0.0000</u> | <u>0.0000</u> |
| Total Rates Extended | <u>1.4182</u> | <u>1.4632</u> | <u>1.5570</u> | <u>1.5374</u> |
| Levies Extended | | | | |
| Total Levies Extended | <u>\$ 4,171,599</u> | <u>\$ 4,165,627</u> | <u>\$ 3,346,380</u> | <u>\$ 2,164,015</u> |
| Total Collections^ | <u>\$ 4,019,022</u> | <u>\$ 4,020,812</u> | <u>\$ 3,331,178</u> | <u>\$ 2,148,900</u> |
| Percentage of Extensions Collected | <u>96.34%</u> | <u>96.52%</u> | <u>99.55%</u> | <u>99.30%</u> |

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

^ Before prior year refunds.

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 1999 to 2008.

| 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 1.7542 | 1.6378 | 1.6615 | 1.6333 | 1.6113 | 1.3724 |
| 0.2811 | N/A | N/A | N/A | N/A | N/A |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.1561 | 0.1330 |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0446 | 0.0380 |
| 2.0353 | 1.6378 | 1.6615 | 1.6333 | 1.8120 | 1.5434 |
| \$ 2,124,525 | \$ 1,752,619 | \$ 1,717,407 | \$ 1,644,972 | \$ 1,643,295 | \$ 1,645,142 |
| \$ 2,090,256 | \$ 1,718,723 | \$ 1,671,996 | \$ 1,385,267 | \$ 1,512,001 | \$ 1,399,032 |
| 98.39% | 98.07% | 97.36% | 84.21% | 92.01% | 85.04% |

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VILLAGE OF McCOOK

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

| Tax Levy Year | Equalized Assessed Valuation | Amount of Increase (Decrease Over) Previous Year | Percentage Increase (Decrease) Over Previous Year | Actual Estimated Value* |
|------------------|------------------------------------|--|--|-------------------------------|
| 2008 | \$ 152,251,025 | \$ 6,747,531 | 4.64% | \$ 456,753,075 |
| 2007 | 145,503,494 | 8,336,491 | 6.08% | 436,510,482 |
| 2006 | 137,167,003 | (2,141,845) | -1.54% | 411,501,009 |
| 2005 | 139,308,848 | 35,842,065 | 34.64% | 417,926,544 |
| 2004 | 103,466,783 | (2,408,826) | -2.28% | 310,400,349 |
| 2003 | 105,875,609 | 3,555,504 | 3.47% | 317,626,827 |
| 2002 | 102,320,105 | 2,892,002 | 2.91% | 306,960,315 |
| 2001 | 99,428,103 | 9,751,389 | 10.87% | 298,284,309 |
| 2000 | 89,676,714 | (15,611,188) | -14.83% | 269,030,142 |
| 1999 | 105,287,902 | 5,042,287 | 5.03% | 315,863,706 |

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

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 1999 to 2008.

VILLAGE OF McCOOK

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

| Fiscal Year Ended December 31 | Tax Levy Year | Gross General Bonded Debt | Reserved for Retirement of Funded Debt | Debt Payable From Enterprise Revenues |
|--|---------------------|------------------------------------|---|--|
| 2009 | 2008 | \$ 14,880,000 | \$ - | \$ 14,880,000 |
| 2008 | 2007 | 15,030,000 | - | 15,030,000 |
| 2007 | 2006 | 570,000 | - | 160,000 |
| 2006 | 2005 | 1,130,000 | - | 315,000 |
| 2005 | 2004 | 1,670,000 | - | 460,000 |
| 2004 | 2003 | 2,200,000 | - | 600,000 |
| 2003 | 2002 | 1,550,000 | - | 950,000 |
| 2002 | 2001 | 1,150,000 | - | 1,150,000 |
| 2001 | 2000 | 1,950,000 | 10,841 | 1,939,159 |
| 2000 | 1999 | 2,784,695 | 10,848 | 2,739,152 |

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

SOURCE OF INFORMATION: 2000-2009 Annual Financial Statements.

| Net General Bonded Debt | Equalized Assessed Valuation | Percentage of Net General Bonded Debt to Assessed Valuation | Estimated Population | Net General Bonded Debt Per Capita |
|----------------------------------|------------------------------------|---|-------------------------|--|
| \$ - | \$ 152,251,025 | 0.00 | 249 | \$ - |
| - | 145,503,494 | 0.00 | 249 | - |
| 410,000 | 137,167,003 | 0.30 | 249 | 1,647 |
| 815,000 | 139,308,848 | 0.59 | 250 | 3,260 |
| 1,210,000 | 103,466,783 | 1.17 | 250 | 4,840 |
| 1,600,000 | 105,875,609 | 1.51 | 250 | 6,400 |
| 600,000 | 102,320,105 | 0.59 | 250 | 2,400 |
| - | 99,428,103 | 0.00 | 250 | - |
| - | 89,676,714 | 0.00 | 250 | - |
| 34,695 | 105,287,902 | 0.03 | 250 | 139 |

VILLAGE OF McCOOK

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

| Year Ended December 31 | Total General Expenditures (1) | Total Debt Service | Percentage of Annual Debt Service Fund Expenditures To Total General Expenditures |
|---------------------------|-----------------------------------|-----------------------|---|
| 2009 | \$ 24,268,697 | \$ 231,159 | 0.95% |
| 2008 | 8,745,537 | 459,720 | 5.26% |
| 2007 | 5,524,209 | 465,263 | 8.42% |
| 2006 | 4,985,941 | 464,354 | 9.31% |
| 2005 | 4,617,249 | 478,432 | 10.36% |
| 2004 | 4,950,828 | 106,206 | 2.15% |
| 2003 | 4,087,805 | 83,851 | 2.05% |
| 2002 | 4,031,868 | 57,647 | 1.43% |
| 2001 | 3,530,599 | 35,697 | 1.01% |
| 2000 | 2,891,102 | 47,596 | 1.65% |

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

SOURCE OF INFORMATION: 2000-2009 Annual Financial Statements.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING

ISSUE DATED JUNE 16, 2008

DECEMBER 31, 2009

GENERAL OBLIGATION BONDS - BUSINESS-TYPE PORTION

| Year Ended December 31 | Bonds Issued | Bonds Paid | Bonds Outstanding | Interest Payable | Total Debt Service |
|------------------------------|----------------------|-------------------|----------------------|----------------------|--------------------------|
| 2009 | \$ 150,000 | \$ 150,000 | \$ - | \$ - | \$ - |
| 2010 | 170,000 | - | 170,000 | 737,645 | 907,645 |
| 2011 | 200,000 | - | 200,000 | 730,845 | 930,845 |
| 2012 | 235,000 | - | 235,000 | 722,845 | 957,845 |
| 2013 | 275,000 | - | 275,000 | 713,445 | 988,445 |
| 2014 | 315,000 | - | 315,000 | 702,445 | 1,017,445 |
| 2015 | 350,000 | - | 350,000 | 689,845 | 1,039,845 |
| 2016 | 400,000 | - | 400,000 | 674,095 | 1,074,095 |
| 2017 | 450,000 | - | 450,000 | 655,095 | 1,105,095 |
| 2018 | 500,000 | - | 500,000 | 632,595 | 1,132,595 |
| 2019 | 570,000 | - | 570,000 | 607,595 | 1,177,595 |
| 2020 | 630,000 | - | 630,000 | 579,095 | 1,209,095 |
| 2021 | 700,000 | - | 700,000 | 547,595 | 1,247,595 |
| 2022 | 760,000 | - | 760,000 | 512,595 | 1,272,595 |
| 2023 | 845,000 | - | 845,000 | 474,595 | 1,319,595 |
| 2024 | 930,000 | - | 930,000 | 432,345 | 1,362,345 |
| 2025 | 1,015,000 | - | 1,015,000 | 385,845 | 1,400,845 |
| 2026 | 1,105,000 | - | 1,105,000 | 335,095 | 1,440,095 |
| 2027 | 1,205,000 | - | 1,205,000 | 279,845 | 1,484,845 |
| 2028 | 1,310,000 | - | 1,310,000 | 218,390 | 1,528,390 |
| 2029 | 1,420,000 | - | 1,420,000 | 151,580 | 1,571,580 |
| 2030 | 1,495,000 | - | 1,495,000 | 77,740 | 1,572,740 |
| Total | <u>\$ 15,030,000</u> | <u>\$ 150,000</u> | <u>\$ 14,880,000</u> | <u>\$ 10,861,170</u> | <u>\$ 25,741,170</u> |

| | |
|---------------------------|-----------------------|
| Paying agent: | Village of McCook |
| Principal payment date: | December 1 |
| Interest payment dates: | December 1 and June 1 |
| Interest rates: | 4.00-5.00% |
| Original amount of issue: | \$ 15,030,000 |

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING

ISSUE DATED JUNE 30, 2009

DECEMBER 31, 2009

TAX INCREMENT FINANCING BONDS - 1ST AVENUE TIF 2009 SERIES

| Year Ended December 31 | Bonds Issued | Bonds Paid | Bonds Outstanding | Interest Payable | Total Debt Service |
|------------------------------|-----------------|---------------|----------------------|---------------------|--------------------------|
| 2010 | \$ - | \$ - | \$ - | \$ 298,993 | \$ 298,993 |
| 2011 | 705,000 | - | 705,000 | 289,341 | 994,341 |
| 2012 | 735,000 | - | 735,000 | 278,109 | 1,013,109 |
| 2013 | 770,000 | - | 770,000 | 266,370 | 1,036,370 |
| 2014 | 805,000 | - | 805,000 | 254,085 | 1,059,085 |
| 2015 | 840,000 | - | 840,000 | 241,254 | 1,081,254 |
| 2016 | 875,000 | - | 875,000 | 227,877 | 1,102,877 |
| 2017 | 915,000 | - | 915,000 | 213,915 | 1,128,915 |
| 2018 | 960,000 | - | 960,000 | 199,290 | 1,159,290 |
| 2019 | 1,000,000 | - | 1,000,000 | 184,002 | 1,184,002 |
| 2020 | 1,045,000 | - | 1,045,000 | 168,051 | 1,213,051 |
| 2021 | 1,095,000 | - | 1,095,000 | 151,359 | 1,246,359 |
| 2022 | 1,140,000 | - | 1,140,000 | 133,926 | 1,273,926 |
| 2023 | 1,195,000 | - | 1,195,000 | 115,713 | 1,310,713 |
| 2024 | 1,245,000 | - | 1,245,000 | 96,681 | 1,341,681 |
| 2025 | 1,305,000 | - | 1,305,000 | 76,791 | 1,381,791 |
| 2026 | 1,360,000 | - | 1,360,000 | 56,004 | 1,416,004 |
| 2027 | 1,425,000 | - | 1,425,000 | 34,281 | 1,459,281 |
| 2028 | 1,485,000 | - | 1,485,000 | 11,583 | 1,496,583 |
| Total | \$ 18,900,000 | \$ - | \$ 18,900,000 | \$ 3,297,625 | \$ 22,197,625 |

Paying agent: Village of McCook

Principal payment date: January 1

Interest payment dates: January 1 and July 1

Interest rates: Variable

Original amount of issue: \$ 18,900,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING

ISSUE DATED JULY 27, 2009

DECEMBER 31, 2009

TAX INCREMENT FINANCING BONDS - JOLIET ROAD TIF 2009 SERIES

| Year Ended December 31 | Bonds Issued | Bonds Paid | Bonds Outstanding | Interest Payable | Total Debt Service |
|------------------------------|-----------------|---------------|----------------------|---------------------|--------------------------|
| 2010 | \$ - | \$ - | \$ - | \$ 97,500 | \$ 97,500 |
| 2011 | - | - | - | 97,500 | 97,500 |
| 2012 | - | - | - | 97,500 | 97,500 |
| 2013 | - | - | - | 97,500 | 97,500 |
| 2014 | - | - | - | 97,500 | 97,500 |
| 2015 | - | - | - | 97,500 | 97,500 |
| 2016 | - | - | - | 97,500 | 97,500 |
| 2017 | - | - | - | 104,000 | 104,000 |
| 2018 | - | - | - | 104,000 | 104,000 |
| 2019 | - | - | - | 104,000 | 104,000 |
| 2020 | - | - | - | 104,000 | 104,000 |
| 2021 | - | - | - | 104,000 | 104,000 |
| 2022 | - | - | - | 104,000 | 104,000 |
| 2023 | - | - | - | 104,000 | 104,000 |
| 2024 | - | - | - | 104,000 | 104,000 |
| 2025 | - | - | - | 104,000 | 104,000 |
| 2026 | - | - | - | 104,000 | 104,000 |
| 2027 | - | - | - | 104,000 | 104,000 |
| 2028 | - | - | - | 104,000 | 104,000 |
| 2029 | 1,300,000 | - | 1,300,000 | 60,667 | 1,360,667 |
| Total | \$ 1,300,000 | \$ - | \$ 1,300,000 | \$ 1,991,167 | \$ 3,291,167 |

Paying agent: Village of McCook

Principal payment date: July 1

Interest payment dates: December 31

Interest rates: 7.50-8.00%

Original amount of issue: \$ 1,300,000

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INDEPENDENT AUDITOR'S COMPLIANCE REPORT

Mayor and Board of Trustees
McCook, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook as of and for the year ended December 31, 2009, and have issued our report thereon dated September 23, 2010. We have also audited the financial statements of each of the Village of McCook's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2009, as listed in the table of contents. The financial statements are the responsibility of the management of the Village of McCook. Our responsibility is to express an opinion on the eligibility of expenditures for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the 1st Avenue and Joliet Road Tax Increment Districts pursuant to subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was made in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The management of the Village of McCook is responsible for the 1st Avenue and Joliet Road Tax Increment Financing Districts' compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the Village's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing."

The results of our tests indicate that, for the items tested, the 1st Avenue and Joliet Road Tax Increment Districts complied with subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
September 23, 2010

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