

VILLAGE OF MCCOOK

McCook, Illinois

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2013

VILLAGE OF MCCOOK

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village of McCook's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of McCook's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of McCook's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of McCook adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Net position as of December 31, 2012, has been restated as a result. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2013, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of McCook's basic financial statements. The financial information listed as supplementary information for the year ended December 31, 2013 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2013 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Mayor and Board of Trustees
Village of McCook

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village of McCook as of and for the year ended December 31, 2012 (not presented herein), and have issued our report thereon dated August 29, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information. The financial information listed as supplementary information in the table of contents for the year ended December 31, 2012 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as supplementary information in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2012.

Other Information

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

A handwritten signature in black ink that reads "Baker Tilly Vichor Kraus, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois
June 19, 2014

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

The discussion and analysis of Village of McCook's (the "village") financial performance provides an overall review of the village's financial activities for the year ended December 31, 2013. 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 for a net position deficit of \$11,092,512. Of this amount, the village has a deficit of \$29,829,193 in unrestricted net position.
- > In total, net position decreased by \$276,417. This represents a 2% decrease from 2012 and is related to the continued flattening of revenues.
- > At the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$2,712,416, a decrease of \$901,590 in comparison with the prior year.
- > General revenues accounted for \$7,879,746 in revenue or 87% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$1,267,005 or 13% of total governmental revenues of \$9,146,751.
- > The village had \$9,612,787 in expenses related to government activities. However, only \$1,267,005 of these expenses were offset by program specific charges and grants.

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

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

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

Fund financial statements

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

Governmental funds

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

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the village's contributions and 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 As of and for the Year Ended December 31, 2013 (Unaudited)

Government-Wide Financial Analysis

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

	<u>Governmental Activities</u>		
	2012		
	2013	as restated	Change
Assets/Deferred Outflows			
Current and other assets/deferred outflows	\$ 9,450,980	\$ 9,829,177	(3.8)%
Capital assets	<u>2,217,983</u>	<u>1,900,798</u>	16.7%
Total assets/deferred outflows	<u>11,668,963</u>	<u>11,729,975</u>	(0.5)%
Liabilities/Deferred Inflows			
Long-term liabilities	32,629,475	31,511,147	3.5%
Other liabilities/deferred inflows	<u>6,757,500</u>	<u>6,511,623</u>	3.8%
Total liabilities/deferred inflows	<u>39,386,975</u>	<u>38,022,770</u>	3.6%
Net position			
Net investment in capital assets	2,217,983	1,900,798	16.7%
Restricted	547,491	302,566	80.9%
Unrestricted	<u>(30,483,486)</u>	<u>(28,496,159)</u>	7.0%
Total net position	<u>\$ (27,718,012)</u>	<u>\$ (26,292,795)</u>	5.4%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

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

	<u>Business-Type Activities</u>			<u>Total</u>		
	2013	2012 as restated	Change	2013	2012	Change
Assets/Deferred Outflows						
Current and other assets	\$ 5,224,938	\$ 5,024,448	4.0%	\$ 14,675,918	\$ 14,853,625	-1.2%
Capital assets	<u>27,355,350</u>	<u>26,363,745</u>	3.8%	<u>29,573,333</u>	<u>28,264,543</u>	4.6%
Total assets/deferred outflows	<u>32,580,288</u>	<u>31,388,193</u>	3.8%	<u>44,249,251</u>	<u>43,118,168</u>	2.6%
Liabilities/Deferred Inflows						
Long-term liabilities	14,826,855	14,944,822	(0.8)%	47,456,330	46,455,969	2.2%
Other liabilities	<u>1,127,933</u>	<u>966,671</u>	16.7%	<u>7,885,433</u>	<u>7,478,294</u>	5.4%
Total liabilities/deferred inflows	<u>15,954,788</u>	<u>15,911,493</u>	2.6%	<u>55,341,763</u>	<u>53,934,263</u>	2.6%
Net position						
Net investment in capital assets	15,971,207	14,757,695	8.2%	18,189,190	16,658,493	9.2%
Restricted	-	-		547,491	302,566	80.9%
Unrestricted	<u>654,293</u>	<u>719,005</u>	(9.0)%	<u>(29,829,193)</u>	<u>(27,777,154)</u>	7.4%
Total net position	<u>\$ 16,625,500</u>	<u>\$ 15,476,700</u>	7.4%	<u>\$ (11,092,512)</u>	<u>\$ (10,816,095)</u>	2.6%

Normal Impacts

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

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

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

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

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

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the village, total net position decreased by \$276,417 increasing its prior year's deficit of \$10,816,095 to a deficit of \$11,092,512. The village's total assets/deferred outflows equal \$44,249,251. The village's total liabilities/ deferred inflows equal \$55,341,763.

The deficit in unrestricted net position is primarily the result of the village's tax increment financing (TIF) districts. The TIFs were developed to encourage economic development within the village. As part of the process of encouraging development within the TIFs, the village issued Tax Increment Financing bonds which have a balance of \$27,590,434 as of the end of the fiscal year. These bonds did not produce a capital asset that is owned by the village, and even though the debt is payable from the incremental taxes generated by the TIF, the bonds are, nonetheless, required to be reported as a liability of the village.

A portion of the net position of the governmental activities is restricted for street maintenance, road improvements, drug enforcement, and community development. The unrestricted combined balance, for both governmental and business-type activities, was a deficit of \$29,829,193.

Table 2 Condensed Statements of Activities (in actual dollars)			
	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues			
Charges for services	\$ 937,054	\$ 680,070	37.8%
Operating grants and contributions	329,951	195,416	68.8%
Taxes	7,364,283	6,765,340	8.9%
Other general revenues	<u>515,463</u>	<u>124,978</u>	312.4%
Total revenues	<u>9,146,751</u>	<u>7,765,804</u>	17.8%
Expenses			
General government	3,070,744	2,736,055	12.2%
Public safety	4,662,071	4,475,399	4.2%
Public works	506,983	437,550	15.9%
TIF economic development	538,221	92,386	482.6%
Interest on long term debt	<u>834,768</u>	<u>817,122</u>	2.2%
Total expenses	<u>9,612,787</u>	<u>8,558,512</u>	12.3%
Transfers	<u>(959,181)</u>	<u>(6,084,199)</u>	-84.2%
Change in net position	(1,425,217)	(6,876,907)	(79.3)%
Net position, beginning of year (as restated)	<u>(26,292,795)</u>	<u>(19,415,888)</u>	35.4%
Net position, end of year	<u>\$ (27,718,012)</u>	<u>\$ (26,292,795)</u>	5.4%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

Table 2
Condensed Statements of Activities
(in actual dollars)

	<u>Business-Type Activities</u>				<u>Total</u>	
	2013	2012	Change	2013	2012	Change
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 9,122,347	\$ 8,597,585	6.1%	\$ 10,059,401	\$ 9,277,655	8.4%
Operating grants and contributions	-	-		329,951	195,416	68.8%
<i>General revenues</i>						
Other taxes	-	-		7,364,283	6,765,340	8.9%
Other general revenues	1,178	2,136	(44.9)%	516,641	127,114	306.4%
Total revenues	9,123,525	8,599,721	6.1%	18,270,276	16,365,525	11.6%
Expenses						
General government	-	-		3,070,744	2,736,055	12.2%
Public safety	-	-		4,662,071	4,475,399	4.2%
Public works	-	-		506,983	437,550	15.9%
TIF economic development	-	-	-%	538,221	92,386	482.6%
Interest on long term debt - GA	-	-		834,768	817,122	2.2%
Water	6,614,338	6,202,280	6.6%	6,614,338	6,202,280	6.6%
Athletics and exposition	2,317,070	2,422,642	(4.4)%	2,317,070	2,422,642	(4.4)%
Sewer	2,498	2,050	21.9%	2,498	2,050	21.9%
Total expenses	8,933,906	8,626,972	3.6%	18,546,693	17,185,484	7.9%
Transfers/contributions	959,181	6,084,199	(84.2)%	-	-	
Change in net position	1,148,800	6,056,948	(81.0)%	(276,417)	(819,959)	(66.3)%
Net position, beginning of year (as restated)	15,476,700	9,419,752	64.3%	(10,816,095)	(9,996,136)	8.2%
Net position end of year	\$ 16,625,500	\$ 15,476,700	7.4%	\$ (11,092,512)	\$ (10,816,095)	2.6%

Normal Impacts

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

Revenues

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

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

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

Expenses

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

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

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

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

Current Year Impacts

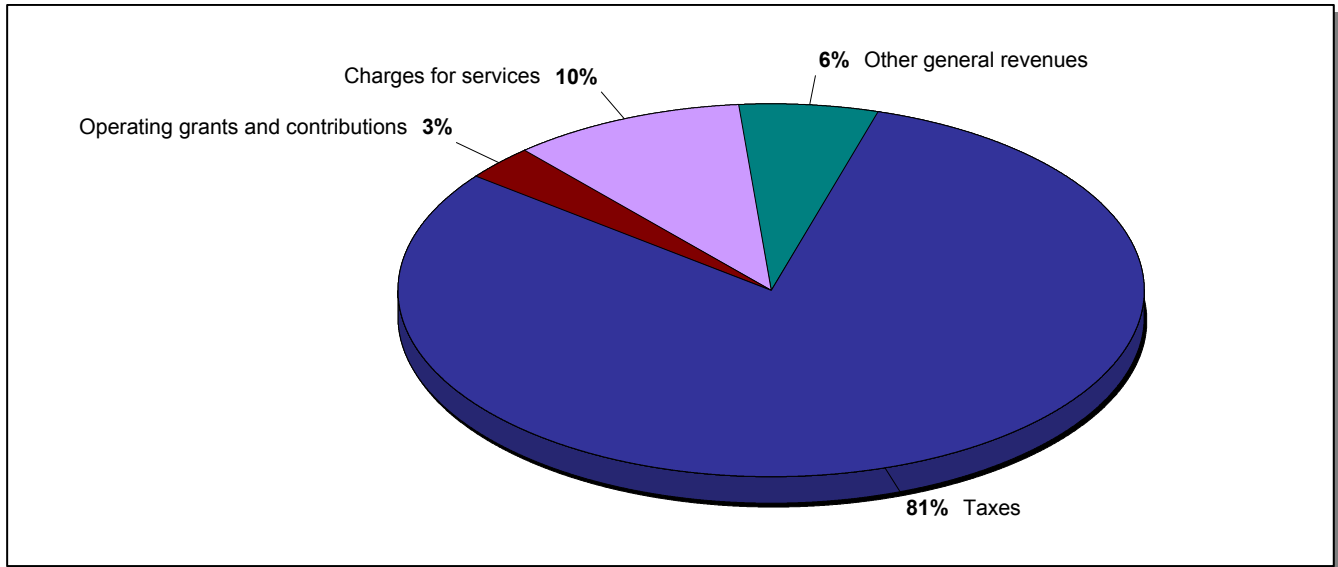
The Governmental Activities experienced an increase in revenue due to an increase in miscellaneous revenues related to a 6b property classification agreement. The village also recognized an increase in property taxes. The village saw an increase in expenses as TIF economic development activity increased. As a result, the net position deficit increased to \$27,718,012 as compared to a restated deficit of \$26,292,795 in the prior fiscal year.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

Governmental Activities

Governmental Revenues by Source



Revenues

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

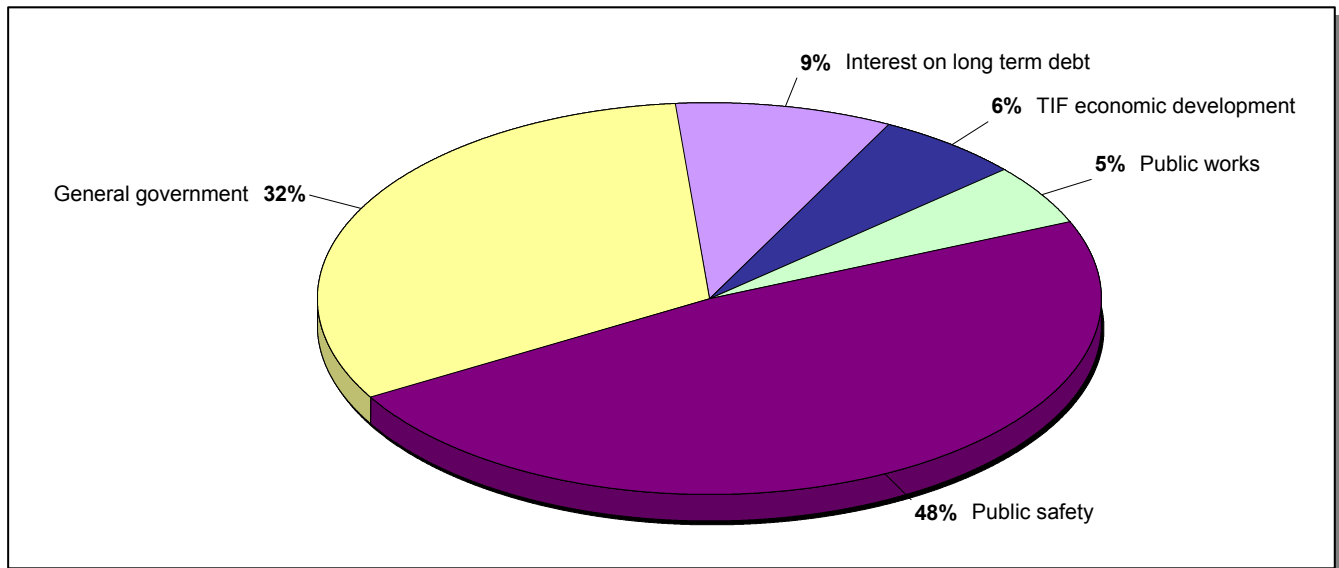
2013 is the sixth year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected approximately \$2.2 million within the TIF District during the year. This represents consistent collections with the prior year. The village also began collecting property taxes for the Joliet Road TIF in 2009, making 2013 the fourth year with collections from the TIF. 2013 collections totaled approximately \$198,000.

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, Riverside, Indian Head Park, Countryside and LaGrange. Pricing for water is based on a schedule set by the village and reflects increases as passed along from the village's supplier, the City of Chicago. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The City of Chicago has annually adjusted rates and this adjustment is passed along to village customers. The operating revenues of the Water Department increased by about \$400,000 as a result of an increase in water rates. The operating revenues of the Max were approximately \$1.8 million in 2013, which is similar to 2012.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

Governmental Expenses by Function



Expenses

On the expense side, the capital outlay expenses decreased by approximately \$4.7 million due to the 1st Avenue TIF Fund completely an investment for the MAX expansion project.

The expenses for business-type activities increased approximately \$200,000 due to the increase in water rates charged to the Village by the City of Chicago.

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 \$2,712,416 which is a decrease of \$901,590 from fiscal year 2012. The decrease during 2013 is due to an increase in debt service payments along with a continued spend down of bond proceeds in the 1st Avenue TIF. The expenditures have continued to exceed the revenues in the General Fund but the village transferred funds from the Water Fund to offset a portion of the deficit and issued bonds.

The Proprietary Funds are the Water and Sewer Departments and the Max (McCook Athletic and Exposition Center). The operating revenue for the Water Department increased in 2013 by approximately \$400,000 from the prior year. This resulted from increased water rates. The operating income for the Water Fund for fiscal 2013 was \$632,662 before consideration of non-operating revenues and expenses and transfers.

Operations for the Max Fund caused a modest profit for 2013, but total net position increased by \$1,481,457 because of a capital contribution from the 1st Avenue TIF Fund made during the year. The Max Fund finished the year with a net position of \$7,014,055. The net position of all proprietary funds at the end of fiscal 2013 equaled \$16,625,500, of which \$654,293 is unrestricted. Transfers to the General Fund from the Water Fund totaled \$978,000.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

General Fund Budgetary Highlights

The original budget was not amended during the year. The actual revenues were more than projected total revenues in the General Fund by approximately \$261,000 for the year ended December 31, 2013. The excess is due mostly to a favorable sales tax collections during 2013.

The actual expenditures for fiscal 2013 were less than budget by approximately \$1,400,000, a result of an attempt to adjust spending to projected revenues. Additional amounts were transferred from the Water Fund and 1st Ave TIF Fund to ease the projected deficit in the General Fund. The General Fund balance as of December 31, 2013 is a \$2,209,348.

Capital Assets and Debt Administration

Capital assets

By the end of 2013, the village had compiled a total investment of \$43,737,270 (\$29,573,333 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 \$897,087. 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>2013</u>	<u>2012</u>	<u>Change</u>					
Land	\$	168,488	\$	67,488	149.7%					
Land improvements		3,247		3,650	(11.0)%					
Buildings and building improvements		698,094		722,891	(3.4)%					
Vehicles		483,834		389,528	24.2%					
Machinery and equipment		570,025		356,812	59.8%					
Infrastructure		<u>294,295</u>		<u>360,429</u>	(18.3)%					
Total	\$	<u>2,217,983</u>	\$	<u>1,900,798</u>	16.7%					
Table 3 Capital Assets (net of depreciation) (in actual dollars)										
			<u>Business-Type Activities</u>			<u>Total</u>				
			<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>		
Land	\$	2,142,625	\$	2,142,625		\$	2,311,113	\$	2,210,113	4.6%
Land Improvements		1,375,228		1,325,280	3.8%		1,378,475		1,328,930	3.7%
Buildings and building improvements		17,182,324		11,949,438	43.8%		17,880,418		12,672,329	41.1%
Construction in progress		802,979		5,062,658	(84.1)%		802,979		5,062,658	(84.1)%
Vehicles		61,091		43,724	39.7%		544,925		433,252	25.8%
Machinery and equipment		809,712		688,715	17.6%		1,379,737		1,045,527	32.0%
Infrastructure		<u>4,981,391</u>		<u>5,151,305</u>	(3.3)%		<u>5,275,686</u>		<u>5,511,734</u>	(4.3)%
Total	\$	<u>27,355,350</u>	\$	<u>26,363,745</u>	3.8%	\$	<u>29,573,333</u>	\$	<u>28,264,543</u>	4.6%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2013 (Unaudited)

Debt Administration

The debt administration discussion covers three types of debt reported by the village's financial statements. The village's governmental activities debt includes \$28,075,434 in TIF bonds, \$432,081 for vested compensated absences, \$1,296,031 of net pension obligation, and a \$2,825,929 net OPEB obligation. The TIF bonds will be repaid through incremental tax revenue generated within the TIF districts. The village's governmental activities reported total debt of \$32,111,264 at December 31, 2013.

The village's business-type activities debt includes \$13,942,570 of general obligation debt, \$112,905 in vested compensated absences, and a \$771,380 net OPEB obligation. The general obligation debt is paid primarily by revenues generated by the McCook Athletic and Exposition Center (Max Fund).

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

Factors Bearing on the Village's Future

The general economic conditions of southwestern Cook County and the Chicago metropolitan statistical area are affected by the national economic downturn. The village has experienced turnover of several industrial facilities and is presently marketing the village and working with developers to encourage new development. The village is located in an Illinois enterprise zone and has the advantage of several incentive packages to industry that help keep it competitive as compared to other industrial locations. Also, the village has approved 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 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.

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 2014 budget plans.

Requests for Information

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

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

VILLAGE OF MCCOOK

STATEMENT OF NET POSITION As of December 31, 2013

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 1,819,494	\$ 4,272,876	\$ 6,092,370
Investments	253,024	400,714	653,738
Receivables (net)			
Real estate taxes	5,603,990	-	5,603,990
Accounts	-	544,922	544,922
Other	59,444	-	59,444
Due from other governments	297,166	-	297,166
Prepaid items	-	26,131	26,131
Internal balances	19,705	(19,705)	-
Restricted cash and investments	1,028,175	-	1,028,175
Capital Assets (net of accumulated depreciation)			
Land	168,488	2,142,625	2,311,113
Construction in progress	-	802,979	802,979
Land improvements	3,247	1,375,228	1,378,475
Buildings and building improvements	698,094	17,182,324	17,880,418
Machinery and equipment	570,025	809,712	1,379,737
Infrastructure	294,295	4,981,391	5,275,686
Vehicles	483,834	61,091	544,925
Total Assets	<u>11,298,981</u>	<u>32,580,288</u>	<u>43,879,269</u>
DEFERRED OUTFLOWS OF RESOURCES			
Derivative	369,982	-	369,982
Total Deferred Outflows of Resources	<u>369,982</u>	<u>-</u>	<u>369,982</u>
LIABILITIES			
Accounts payable	527,687	765,922	1,293,609
Accrued salaries	170,153	31,957	202,110
Unearned rental income	13,917	-	13,917
Payroll liabilities	52,835	-	52,835
Accrued interest payable	18,936	58,537	77,473
Derivative Liability	369,982	-	369,982
Noncurrent Liabilities			
Due within one year	1,256,324	371,627	1,627,951
Due in more than one year	31,373,151	14,455,228	45,828,379
Total Liabilities	<u>33,782,985</u>	<u>15,683,271</u>	<u>49,466,256</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for receipt in future periods	5,603,990	271,517	5,875,507
Total Deferred Inflows of Resources	<u>5,603,990</u>	<u>271,517</u>	<u>5,875,507</u>
NET POSITION			
Net investment in capital assets	2,217,983	15,971,207	18,189,190
Restricted for			
Highways and streets	49,360	-	49,360
Public safety	291,575	-	291,575
Community development	4,911	-	4,911
Debt service	201,645	-	201,645
Unrestricted (deficit)	<u>(30,483,486)</u>	<u>654,293</u>	<u>(29,829,193)</u>
TOTAL NET POSITION	<u>\$ (27,718,012)</u>	<u>\$ 16,625,500</u>	<u>\$ (11,092,512)</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 3,070,744	\$ 629,414	\$ -
Public safety	4,662,071	307,640	323,368
Public works	506,983	-	6,583
TIF economic development	538,221	-	-
Interest on long term debt	834,768	-	-
Total Governmental Activities	<u>9,612,787</u>	<u>937,054</u>	<u>329,951</u>
Business-type Activities			
Water	6,614,338	7,247,000	-
Sewer	2,498	15,179	-
Athletics and exposition	<u>2,317,070</u>	<u>1,860,168</u>	-
Total Business-type Activities	<u>8,933,906</u>	<u>9,122,347</u>	-
Total	<u>\$ 18,546,693</u>	<u>\$ 10,059,401</u>	<u>\$ 329,951</u>

General Revenues

Taxes

Real estate
Replacement
State income
Sales
Dumping
Tax stamps
Mineral sales / use
Environmental
Telecommunications
Host
Waste Transfer

Unrestricted investment earnings

Refunds

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION (Deficit) -
Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,441,330)	\$ -	\$ (2,441,330)
(4,031,063)	-	(4,031,063)
(500,400)	-	(500,400)
(538,221)	-	(538,221)
<u>(834,768)</u>	<u>-</u>	<u>(834,768)</u>
<u>(8,345,782)</u>	<u>-</u>	<u>(8,345,782)</u>
-	632,662	632,662
-	12,681	12,681
<u>-</u>	<u>(456,902)</u>	<u>(456,902)</u>
<u>-</u>	<u>188,441</u>	<u>188,441</u>
<u>(8,345,782)</u>	<u>188,441</u>	<u>(8,157,341)</u>
5,114,721	-	5,114,721
556,128	-	556,128
25,001	-	25,001
1,091,698	-	1,091,698
108,732	-	108,732
160,883	-	160,883
31,565	-	31,565
40,000	-	40,000
141,304	-	141,304
13,008	-	13,008
81,243	-	81,243
20,478	1,178	21,656
19,736	-	19,736
475,249	-	475,249
<u>(959,181)</u>	<u>959,181</u>	<u>-</u>
<u>6,920,565</u>	<u>960,359</u>	<u>7,880,924</u>
(1,425,217)	1,148,800	(276,417)
<u>(26,292,795)</u>	<u>15,476,700</u>	<u>(10,816,095)</u>
<u>\$ (27,718,012)</u>	<u>\$ 16,625,500</u>	<u>\$ (11,092,512)</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2013

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 701,117	\$ 1,063,284	\$ 55,093	\$ 1,819,494
Investments	253,024	-	-	253,024
Receivables (net)				
Real estate taxes	2,448,334	2,234,400	921,256	5,603,990
Other	59,444	-	-	59,444
Restricted cash and investments	278,175	750,000	-	1,028,175
Due from other governments	297,166	-	-	297,166
Due from other funds	<u>1,055,255</u>	<u>-</u>	<u>228,417</u>	<u>1,283,672</u>
TOTAL ASSETS	<u>\$ 5,092,515</u>	<u>\$ 4,047,684</u>	<u>\$ 1,204,766</u>	<u>\$ 10,344,965</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 314,025	\$ 212,778	\$ 884	\$ 527,687
Accrued salaries	170,153	-	-	170,153
Payroll liabilities	52,835	-	-	52,835
Unearned rental income	13,917	-	-	13,917
Due to other funds	<u>228,417</u>	<u>1,022,240</u>	<u>13,310</u>	<u>1,263,967</u>
Total Liabilities	<u>779,347</u>	<u>1,235,018</u>	<u>14,194</u>	<u>2,028,559</u>
Deferred Inflows of Resources				
Property taxes levied for receipt in future periods	<u>2,448,334</u>	<u>2,234,400</u>	<u>921,256</u>	<u>5,603,990</u>
Total Deferred Inflows of Resources	<u>2,448,334</u>	<u>2,234,400</u>	<u>921,256</u>	<u>5,603,990</u>
Fund Balances				
Restricted for public safety	278,175	-	13,400	291,575
Restricted for community development	-	-	4,911	4,911
Restricted for highways and streets	-	-	49,360	49,360
Restricted for debt service purposes	-	750,000	201,645	951,645
Unassigned (deficit)	<u>1,586,659</u>	<u>(171,734)</u>	<u>-</u>	<u>1,414,925</u>
Total Fund Balances	<u>1,864,834</u>	<u>578,266</u>	<u>269,316</u>	<u>2,712,416</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,092,515</u>	<u>\$ 4,047,684</u>	<u>\$ 1,204,766</u>	<u>\$ 10,344,965</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2013

Total Fund Balances - Governmental Funds	\$ 2,712,416
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III D.	2,217,983
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Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(28,075,434)
Compensated absences	(432,081)
Accrued interest	(18,936)
Net pension obligation	(1,296,031)
Net OPEB obligation	<u>(2,825,929)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (27,718,012)</u>
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VILLAGE OF MCCOOK

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

For the Year Ended December 31, 2013

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 4,582,115	\$ 2,282,086	\$ 500,082	\$ 7,364,283
Intergovernmental	323,368	-	6,583	329,951
Licenses, permits and fees	704,128	-	43,286	747,414
Fines and police reports	196,084	-	-	196,084
Investment income	5,961	14,507	10	20,478
Miscellaneous	463,166	25,375	-	488,541
Total Revenues	<u>6,274,822</u>	<u>2,321,968</u>	<u>549,961</u>	<u>9,146,751</u>
EXPENDITURES				
Current				
General government	3,087,696	-	-	3,087,696
Public safety	4,107,801	-	5,697	4,113,498
Public works	536,881	-	-	536,881
TIF economic development	-	577,626	58,199	635,825
Debt Service				
Principal retirement	-	2,355,000	160,000	2,515,000
Interest and other	-	1,043,999	68,285	1,112,284
Capital Outlay	325,133	1,355,510	-	1,680,643
Total Expenditures	<u>8,057,511</u>	<u>5,332,135</u>	<u>292,181</u>	<u>13,681,827</u>
Excess (deficiency) of revenues over expenditures	<u>(1,782,689)</u>	<u>(3,010,167)</u>	<u>257,780</u>	<u>(4,535,076)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,665,925	-	-	4,665,925
Transfers out	(344,514)	(3,374,615)	(313,310)	(4,032,439)
General obligation bonds issued	-	2,800,000	200,000	3,000,000
Total Other Financing Sources (Uses)	<u>4,321,411</u>	<u>(574,615)</u>	<u>(113,310)</u>	<u>3,633,486</u>
Net Change in Fund Balances	2,538,722	(3,584,782)	144,470	(901,590)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(673,888)</u>	<u>4,163,048</u>	<u>124,846</u>	<u>3,614,006</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,864,834</u>	<u>\$ 578,266</u>	<u>\$ 269,316</u>	<u>\$ 2,712,416</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, 2013

Net change in fund balances - total governmental funds	\$ (901,590)
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	572,002
Depreciation is reported in the government-wide financial statements	(254,817)

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

Debt issued	(3,000,000)
Principal repaid	2,515,000

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

Compensated absences	(84,056)
Net OPEB obligation	(518,211)
Net Pension Obligation	(31,061)
Accrued interest	<u>277,516</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,425,217)</u>
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VILLAGE OF MCCOOK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,188,780	\$ 733,633	\$ 350,463	\$ 4,272,876
Investments	300,714	-	100,000	400,714
Receivables				
Accounts	536,382	7,500	1,040	544,922
Prepaid items	26,131	-	-	26,131
Total Current Assets	<u>4,052,007</u>	<u>741,133</u>	<u>451,503</u>	<u>5,244,643</u>
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Land	-	2,142,625	-	2,142,625
Construction in progress	-	802,979	-	802,979
Land improvements	-	1,375,228	-	1,375,228
Vehicles	34,008	27,083	-	61,091
Machinery and equipment	23,695	786,017	-	809,712
Infrastructure	4,981,391	-	-	4,981,391
Buildings and improvements	1,329,158	15,853,166	-	17,182,324
Total Noncurrent Assets	<u>6,368,252</u>	<u>20,987,098</u>	<u>-</u>	<u>27,355,350</u>
Total Assets	<u>10,420,259</u>	<u>21,728,231</u>	<u>451,503</u>	<u>32,599,993</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 723,832	\$ 42,090	\$ -	\$ 765,922
Accrued salaries	16,840	15,117	-	31,957
Accrued interest	-	58,537	-	58,537
Due to other funds	-	19,705	-	19,705
Total Current Liabilities	<u>740,672</u>	<u>135,449</u>	<u>-</u>	<u>876,121</u>
Noncurrent Liabilities				
Long-Term Debt				
Due within one year	40,361	331,266	-	371,627
Due in more than one year	<u>479,284</u>	<u>13,975,944</u>	<u>-</u>	<u>14,455,228</u>
Total Liabilities	<u>1,260,317</u>	<u>14,442,659</u>	<u>-</u>	<u>15,702,976</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>-</u>	<u>271,517</u>	<u>-</u>	<u>271,517</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>271,517</u>	<u>-</u>	<u>271,517</u>
NET POSITION				
Net investment in capital assets	6,368,252	9,602,955	-	15,971,207
Unrestricted (deficit)	<u>2,791,690</u>	<u>(2,588,900)</u>	<u>451,503</u>	<u>654,293</u>
TOTAL NET POSITION	<u>\$ 9,159,942</u>	<u>\$ 7,014,055</u>	<u>\$ 451,503</u>	<u>\$ 16,625,500</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
OPERATING REVENUES				
Water charges	\$ 7,226,573	\$ -	\$ -	\$ 7,226,573
Late charges	2,427	-	-	2,427
Sewer charges	-	-	15,179	15,179
Tap fees	18,000	-	-	18,000
Rentals and sales	-	1,860,168	-	1,860,168
Total Operating Revenues	<u>7,247,000</u>	<u>1,860,168</u>	<u>15,179</u>	<u>9,122,347</u>
OPERATING EXPENSES				
Personnel services	488,055	442,444	398	930,897
Contractual services	5,643,869	451,618	2,100	6,097,587
Supplies	21,764	153,337	-	175,101
Repairs and maintenance	15,225	30,269	-	45,494
Electricity	208,663	105,480	-	314,143
Depreciation	236,380	405,890	-	642,270
Other charges	382	10,353	-	10,735
Total Operating Expenses	<u>6,614,338</u>	<u>1,599,391</u>	<u>2,498</u>	<u>8,216,227</u>
Operating Income (Loss)	<u>632,662</u>	<u>260,777</u>	<u>12,681</u>	<u>906,120</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	1,178	-	1,178
Bond interest expense	-	(717,679)	-	(717,679)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(716,501)</u>	<u>-</u>	<u>(716,501)</u>
Income (Loss) Before Contributions and Transfers	<u>632,662</u>	<u>(455,724)</u>	<u>12,681</u>	<u>189,619</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	1,592,667	-	1,592,667
Transfers in	-	344,514	-	344,514
Transfers out	(978,000)	-	-	(978,000)
Total Contributions and Transfers	<u>(978,000)</u>	<u>1,937,181</u>	<u>-</u>	<u>959,181</u>
Change in Net Position	<u>(345,338)</u>	<u>1,481,457</u>	<u>12,681</u>	<u>1,148,800</u>
NET POSITION - Beginning of Year (as restated)	<u>9,505,280</u>	<u>5,532,598</u>	<u>438,822</u>	<u>15,476,700</u>
NET POSITION - END OF YEAR	<u>\$ 9,159,942</u>	<u>\$ 7,014,055</u>	<u>\$ 451,503</u>	<u>\$ 16,625,500</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 7,200,422	\$ 1,916,154	\$ 12,693	\$ 9,129,269
Paid to suppliers for goods and services	(5,786,192)	(737,699)	-	(6,523,891)
Paid to employees for services	(400,357)	(375,410)	-	(775,767)
Net Cash Flows From Operating Activities	<u>1,013,873</u>	<u>803,045</u>	<u>12,693</u>	<u>1,829,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	-	1,178	-	1,178
Net Cash Flows From Investing Activities	<u>-</u>	<u>1,178</u>	<u>-</u>	<u>1,178</u>
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Transfers - in from (out to) other funds	(978,000)	344,514	-	(633,486)
Interfund borrowing / (lending)	<u>2,988,565</u>	<u>(421,390)</u>	<u>-</u>	<u>2,567,175</u>
Net Cash Flows From (Used By) Noncapital Financing Activities	<u>2,010,565</u>	<u>(76,876)</u>	<u>-</u>	<u>1,933,689</u>
CASH FLOWS (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(275,000)	-	(275,000)
Interest paid	-	(713,445)	-	(713,445)
Bond amortization costs	<u>-</u>	<u>(41,208)</u>	<u>-</u>	<u>(41,208)</u>
Net Cash Flows (Used By) Capital and Related Financing Activities	<u>-</u>	<u>(1,029,653)</u>	<u>-</u>	<u>(1,029,653)</u>
Net Change in Cash and Cash Equivalents	3,024,438	(302,306)	12,693	2,734,825
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>164,362</u>	<u>1,035,939</u>	<u>337,770</u>	<u>1,538,071</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,188,800</u>	<u>\$ 733,633</u>	<u>\$ 350,463</u>	<u>\$ 4,272,896</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 698,680	\$ 320,751	\$ 12,681	\$ 1,032,112
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	236,380	405,890	-	642,270
Changes in assets and liabilities				
(Increase) decrease in accounts receivable	(45,857)	13,005	-	(32,852)
Decrease in prepaid expense	-	-	12	12
Increase in accounts payable	103,711	13,358	-	117,069
Increase (decrease) in accrued salaries	(136)	2,446	-	2,310
Increase in compensated absences	-	4,614	-	4,614
Increase in net OPEB obligation	21,816	-	-	21,816
Decrease in water deposits/overpayments	(721)	-	-	(721)
Increase in unearned revenue	-	42,981	-	42,981
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,013,873</u>	<u>\$ 803,045</u>	<u>\$ 12,693</u>	<u>\$ 1,829,611</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contribution	<u>\$ -</u>	<u>\$ 1,592,667</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2013

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 694,002
Investments - certificates of deposits with banks	197,798
Investments - other, at fair value	7,711,692
Interest receivable	<u>10,132</u>
Total Assets	<u>8,613,624</u>
LIABILITIES	
NET POSITION	
Held in trust for pension benefits	<u><u>\$ 8,613,624</u></u>

VILLAGE OF MCCOOK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2013

	<u>Pension Trusts</u>
ADDITIONS	
Employee contributions	\$ 149,685
Employer contributions	<u>470,000</u>
Total	<u>619,685</u>
Investment income:	
Bank deposits	1,298
Government securities	41,667
Insurance contracts	587,765
Mutual Funds	163,042
Net appreciation in fair value of investments	<u>108,863</u>
Total Investment Income	<u>902,635</u>
Total Additions	<u>1,522,320</u>
DEDUCTIONS	
Payments to participants	481,318
Payments to beneficiaries	197,951
Administrative	<u>27,059</u>
Total Deductions	<u>706,328</u>
Change in Net Position	815,992
NET POSITION - Beginning of Year	<u>7,797,632</u>
NET POSITION - END OF YEAR	<u><u>\$ 8,613,624</u></u>

VILLAGE OF MCCOOK

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VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. REPORTING ENTITY (cont.)

Component Units

The 911 Emergency Telephone System Board, a blended component unit, serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The Authority 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 and the data for the component unit is included in the government's fiduciary fund financial statements.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the village's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. The village's President, Treasurer, Clerk, Attorney, and Fire Chief constitute the pension board. The village and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In November 2010, the GASB issued statement No. 61 - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

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

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

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

The village reports the following major governmental funds:

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

The village reports the following major enterprise funds:

- Water 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 As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental and enterprise funds:

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

Motor Fuel Tax Fund
Joliet Road TIF Fund

911 E.T.S. Fund

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

Debt Service Fund

Enterprise Fund - used to account for and report any activity for which a fee is charged to external uses 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 account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Police Pension Fund
Firefighters' Pension Fund

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and 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.

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 unearned 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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

1. Deposits and Investments (cont.)

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 firefighter's pension's policy does not limit investment maturities except as part of statutory requirements, as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all of the policies requires the village's and Pensions' investment portfolio to be sufficiently liquid to enable the village and pensions to meet all operating requirements as they come due.

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk - Investments

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

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

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

See Note II. A. for further information.

2. Receivables

Property taxes for levy year 2013 attaches as an enforceable lien on January 1, 2013, 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 2013 tax levy, which attached as an enforceable lien on the property as of January 1, 2013, has been recorded as a receivable as of December 31, 2013.

Tax bills for levy year 2013 are prepared by the Cook County Collector and are payable in two installments, due on March 1, 2014 and on or around August 1, 2014 or within 30 days of the tax bills being issued.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

2. Receivables (cont.)

The county collects such taxes and remits them periodically. The 2013 property tax levy is recognized as a receivable and deferral in fiscal 2013, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2013, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2013 levy plus remaining 2012 collections.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent (\$114,367) of outstanding property taxes at December 31, 2013.

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

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

3. 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

3. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Fund Financial Statements

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

4. Deferred Outflows of Resources

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

The accumulated decrease in fair value of hedging derivatives represents the change in value of derivative instruments that are deemed to be an effective hedge.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

5. Compensated Absences (cont.)

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

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.

7. Deferred Inflows of Resources

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

8. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not expendable for or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

8. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through actions of the Village Board. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed are assigned.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

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

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

Fiduciary fund equity is classified as held in trust for pension benefits on the statement of fiduciary net position. Various restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions. Net appreciation of was available for the year ended.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE II - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 6,762,294	\$ 7,399,358	Custodial credit risk - deposits
U.S. agencies	6,415	6,415	Custodial credit risk - investments; Interest rate risk
Insurance contracts	3,124,975	3,124,975	Concentration of credit risk; Credit risk
State and local obligations	638,724	638,724	Custodial credit risk - investments; Credit risk; Interest rate risk; Concentration of credit risk
Illinois Funds	1,273,028	1,273,028	Credit risk
FFI Premier Institutional Money Market Fund	626,066	626,066	Credit risk
Mutual Funds	3,941,578	3,941,578	N/A
Petty cash	<u>4,695</u>	<u>4,695</u>	N/A
Total Deposits and Investments	<u>\$ 16,377,775</u>	<u>\$ 17,014,839</u>	

Reconciliation to financial statements

Per statement of net position

Unrestricted cash and cash equivalents	\$ 6,092,370
Restricted cash and investments	1,028,175
Investments - certificates of deposits with banks	653,738

Per statement of net position- fiduciary funds

Cash and cash equivalents	694,002
Investments	197,798
Investments - other	<u>7,711,692</u>

Total Deposits and Investments \$ 16,377,775

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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, 2013, \$845,716 of the village's total bank balances were exposed to custodial credit risk as follows:

Primary government uninsured and uncollateralized	\$ <u>845,716</u>
Total	\$ <u><u>845,716</u></u>

Investments

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

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

Credit Risk

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

As of December 31, 2013, the village's investments were rated as follows:

<u>Investment Type</u>	<u>Composite Ratings</u>
Illinois Funds	AAAm
State and local obligations	A - AA
Insurance contracts	Not rated
FFI Premier Institutional Fund	Not rated

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The village's and police pension's policy state that up to 35% of the market value of the portfolio's present net position may be invested in any combination of separate life insurance accounts or mutual funds. As of year end, the market value of the police pension's insurance contracts represent 74% of the pension's net position. The firefighters' pension investment policy does not specifically address these risks.

At December 31, 2013, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Jackson National Life Insurance	General contract	36.73%
State of Illinois	Government bonds	7.21%

Interest Rate Risk

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

Police Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	More Than 10
State & Local G.O. bonds	\$ 638,724	\$ 115,000	\$ 250,458	\$ 223,864	\$ 49,402
US Agencies - GNMA	6,415	-	-	2,930	3,485
Totals	<u>\$ 645,139</u>	<u>\$ 115,000</u>	<u>\$ 250,458</u>	<u>\$ 226,794</u>	<u>\$ 52,887</u>

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

B. RECEIVABLES

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

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

	<u>Unearned</u>
Property taxes levied for subsequent year	\$ 5,603,990
Rental revenue	<u>13,917</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u><u>\$ 5,617,907</u></u>
 Unearned revenue included in liabilities	 \$ 13,917
Unearned revenue included in deferred inflows	<u>5,603,990</u>
 Total Unearned Revenue for Governmental Funds	 <u><u>\$ 5,617,907</u></u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

State and Federal Forfeiture

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

Bond Reserve Account

The bond reserve account related to the 2012 Series - 1st Ave TIF bonds is classified as restricted cash and investments in the financial statements.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 67,488	\$ 101,000	\$ -	\$ 168,488
Total Capital Assets Not Being Depreciated/ Amortized	<u>67,488</u>	<u>101,000</u>	<u>-</u>	<u>168,488</u>
Capital assets being depreciated				
Land improvements	91,950	-	-	91,950
Buildings	1,191,560	-	-	1,191,560
Machinery and equipment	1,090,138	295,115	-	1,385,253
Infrastructure	3,091,607	-	-	3,091,607
Vehicles	1,554,025	175,887	-	1,729,912
Total Capital Assets Being Depreciated	<u>7,019,280</u>	<u>471,002</u>	<u>-</u>	<u>7,490,282</u>
Total Capital Assets	<u>7,086,768</u>	<u>572,002</u>	<u>-</u>	<u>7,658,770</u>
Less: Accumulated depreciation for				
Land improvements	\$ (88,300)	\$ (403)	\$ -	\$ (88,703)
Buildings	(468,669)	(24,797)	-	(493,466)
Machinery and equipment	(733,326)	(81,902)	-	(815,228)
Infrastructure	(2,731,178)	(66,134)	-	(2,797,312)
Vehicles	(1,164,497)	(81,581)	-	(1,246,078)
Total Accumulated Depreciation	<u>(5,185,970)</u>	<u>(254,817)</u>	<u>-</u>	<u>(5,440,787)</u>
Net Capital Assets Being Depreciated	<u>1,833,310</u>	<u>216,185</u>	<u>-</u>	<u>2,049,495</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,900,798</u>	<u>\$ 317,185</u>	<u>\$ -</u>	<u>\$ 2,217,983</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

Administration	\$ 14,740
Public safety	121,210
Public works, which includes the depreciation of infrastructure	<u>118,867</u>
Total Governmental Activities Depreciation Expense	<u>\$ 254,817</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 2,142,625	\$ -	\$ -	\$ 2,142,625
Construction in progress	5,062,658	802,979	5,062,658	802,979
Total Capital Assets Not Being Depreciated/ Amortized	<u>7,205,283</u>	<u>802,979</u>	<u>5,062,658</u>	<u>2,945,604</u>
Capital assets being depreciated				
Buildings and improvements	13,922,142	5,553,307	-	19,475,449
Machinery and equipment	1,372,497	231,940	-	1,604,437
Vehicles	313,383	30,660	-	344,043
Infrastructure	10,294,330	-	-	10,294,330
Land improvements	1,338,667	77,647	-	1,416,314
Total Capital Assets Being Depreciated/Amortized	<u>27,241,019</u>	<u>5,893,554</u>	<u>-</u>	<u>33,134,573</u>
Total Capital Assets	<u>34,446,302</u>	<u>6,696,533</u>	<u>5,062,658</u>	<u>36,080,177</u>
Less: Accumulated depreciation for				
Buildings and improvements	(1,972,704)	(320,421)	-	(2,293,125)
Machinery and equipment	(683,782)	(110,943)	-	(794,725)
Vehicles	(269,659)	(13,293)	-	(282,952)
Infrastructure	(5,143,025)	(169,914)	-	(5,312,939)
Land improvements	(13,387)	(27,699)	-	(41,086)
Total Accumulated Depreciation/Amortization	<u>(8,082,557)</u>	<u>(642,270)</u>	<u>-</u>	<u>(8,724,827)</u>
Net Capital Assets Being Depreciated	<u>19,158,462</u>	<u>5,251,284</u>	<u>-</u>	<u>24,409,746</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,363,745</u>	<u>\$ 6,054,263</u>	<u>\$ 5,062,658</u>	<u>\$ 27,355,350</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 236,380
Athletic and Exposition	<u>405,890</u>
Total Business-type Activities Depreciation Expense	<u>\$ 642,270</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	1st Avenue TIF	\$ 1,022,240
General	MAX	19,705
Debt Service	General	201,645
Non-major Governmental Funds	General	<u>13,462</u>
Total - Fund Financial Statements		1,257,052
Less: Government-wide eliminations		<u>(1,237,347)</u>
Total		<u>\$ 19,705</u>

All amounts are due within one year.

The due from/to balance between the General Fund and the 1st Avenue TIF Fund relates to year-end transfers. The due from/to balance between the MAX Fund and the General Fund relates to the reimbursement of payroll expenses for MAX staff.

The due from/to balance between the Debt Service Fund and the General Fund relates to the 2013 Bond debt proceeds which are required to be held in the Debt Service Fund.

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. It is offset by the amount the Joliet Road TIF Fund owes the Corporate Fund for operations costs incurred during 2013.

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Water	\$ 978,000	Operating expenses Administrative expenses and credit for interest rate subsidy
General	1st Avenue TIF Non-major Governmental Fund	3,374,615	
General		313,310	Administrative expenses Community development expenses
MAX	General	<u>(344,514)</u>	
Total - Fund Financial Statements		4,321,411	
Less: Transfer of Capital Assets to Max Fund		(1,592,677)	
Less: Government-wide eliminations		<u>(3,687,915)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (959,181)</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 As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Tax increment financing bonds	\$ 27,590,434	\$ 3,000,000	\$ 2,515,000	\$ 28,075,434	\$ 1,085,000
Sub-totals	<u>27,590,434</u>	<u>3,000,000</u>	<u>2,515,000</u>	<u>28,075,434</u>	<u>1,085,000</u>
Other Liabilities					
Vested compensated absences	348,025	206,042	121,986	432,081	171,324
Net pension obligation	1,264,970	501,061	470,000	1,296,031	-
Net OPEB obligation	2,307,718	739,743	221,532	2,825,929	-
Total Other Liabilities	<u>3,920,713</u>	<u>1,446,846</u>	<u>813,518</u>	<u>4,554,041</u>	<u>171,324</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 31,511,147</u>	<u>\$ 4,446,846</u>	<u>\$ 3,328,518</u>	<u>\$ 32,629,475</u>	<u>\$ 1,256,324</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 14,275,000	\$ -	\$ 275,000	\$ 14,000,000	\$ 315,000
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	(62,581)	-	(5,151)	(57,430)	-
Sub-totals	<u>14,212,419</u>	<u>-</u>	<u>269,849</u>	<u>13,942,570</u>	<u>315,000</u>
Other Liabilities					
Vested compensated absences	\$ 86,475	\$ 59,495	\$ 33,065	\$ 112,905	\$ 56,627
Net OPEB obligation	645,388	179,853	53,861	771,380	-
Total Other Liabilities	<u>731,863</u>	<u>239,348</u>	<u>86,926</u>	<u>884,285</u>	<u>56,627</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 14,944,282</u>	<u>\$ 239,348</u>	<u>\$ 356,775</u>	<u>\$ 14,826,855</u>	<u>\$ 371,627</u>

General Obligation Debt

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2013
2008 Series	6/16/2008	12/1/2030	4.00% - 5.00%	\$ 15,030,000	\$ 14,000,000
Total Business-type Activities - General Obligation Debt					\$ 14,000,000

Debt service requirements to maturity are as follows:

Years	Business-type Activities General Obligation Debt	
	Principal	Interest
2014	\$ 315,000	\$ 702,445
2015	350,000	689,845
2016	400,000	674,095
2017	450,000	655,095
2018	500,000	632,595
2019-2023	3,505,000	2,721,475
2024-2028	5,565,000	1,651,520
2029-2030	2,915,000	229,320
Totals	\$ 14,000,000	\$ 7,956,390

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE II - 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. The payments are made from the 1st Avenue TIF and Joliet Road TIF Funds, respectively.

Tax Increment Financing Bonds at December 31, 2013, consists of the following:

<u>Governmental Activities</u> Tax Increment Financing Bonds	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
2009 Series - 1st Avenue TIF	6/30/2009	1/1/2028	Variable 7.50% - 8.00%	\$ 18,900,000	\$ 14,325,000
2009 Series - Joliet Rd. TIF	7/27/2009	7/1/2029		1,300,000	750,434
2012 Series - 1st Avenue TIF	6/21/2012	12/1/2027	Variable	10,000,000	10,000,000
2013 Series - 1st Ave TIF	12/23/2013	6/1/2023	Variable	3,000,000	<u>3,000,000</u>
Total Governmental Activities Tax Increment Financing Bonds					<u><u>\$ 28,075,434</u></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 12/31/13 was 1.51%. In 2011, the village entered into an interest rate swap which fixes the interest rate on the bonds through July 1, 2020 at 3.255%. See Note III H. for additional information on the interest rate swap.

Interest on the variable rate 2012 Series - 1st Avenue TIF bonds is calculated at the monthly LIBOR rate in U.S. dollars effective the first day of each month plus 3.5% and multiplied by the designated tax exempt percentage of 68%. The interest rate as of 12/31/13 was 2.49%.

Interest on the variable rate 2013 Series - 1st Ave TIF bonds is calculated at the monthly LIBOR rate in U.S. dollars effective the first day of each month plus 4.05% and multiplied by the default rate of 75%. The interest rate as of 12/31/2013 was 3.16%.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds (cont.)

Debt service requirements to maturity are shown below:

Years	Governmental Activities Tax Increment Financing Bonds	
	Principal	Interest
2014	\$ 1,085,000	\$ 887,479
2015	1,225,000	854,037
2016	1,475,000	816,841
2017	1,785,000	779,613
2018	1,890,000	727,822
2019-2023	11,150,000	2,755,479
2024-2028	8,715,000	1,106,542
2029	750,434	60,667
Totals	<u>\$ 28,075,434</u>	<u>\$ 7,988,480</u>

G. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized. The details of this restatement are as follows:

	Governmental Activities	MAX Fund	Business-type Activities
Net Position - December 31, 2012 (as reported)	\$ (25,761,105)	\$ 5,703,944	\$ 15,648,046
Less: Unamortized debt issuance costs	<u>(531,690)</u>	<u>(171,346)</u>	<u>(171,346)</u>
Net Position - December 31, 2012 (as restated)	<u>\$ (26,292,795)</u>	<u>\$ 5,532,598</u>	<u>\$ 15,476,700</u>

Comparative total columns of the previous year have not been restated to reflect these changes.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

H. DERIVATIVE INSTRUMENT

Summary of National Amounts and Fair Values

In 2010, the village entered into an interest rate swap agreement to hedge its exposure to fluctuating interest rates on the 2009 Series 1st Avenue TIF bonds. The swap agreement is evaluated pursuant to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, to determine whether it meets the definition of a derivative instrument, and if so, whether it effectively hedges the expected cash flows associated with interest rate exposures.

The village applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow hedge on the Statement of Net Position. For the reporting period, the village's derivative meets the effectiveness test.

As of December 31, 2013, the interest rate swap had a negative fair value of \$15,889,982 on a notional amount of \$15,520,000. The change in fair value during 2013 was \$369,982 resulting in a deferred outflow on the Statement of Net Position.

Objective and Terms of Hedging Derivative Instruments

In 2009, the village issued variable rate bonds for the 1st Avenue TIF. As a strategy to maintain acceptable levels of exposure to the risk changes in future cash flows due to interest rate fluctuations, the village entered into an interest rate swap agreement with the Northern Trust Company (the "counterparty") on September 1, 2010 for a notional amount equal to the outstanding principal plus the annual expected advance principal redemption on the 2009 Series 1st Avenue TIF bond issue. The interest rate swap is designed to synthetically fix the cash flows associated with the variable rate bonds.

The swap agreement, which will continue until September 1, 2020, provides for the village to receive interest from the counterparty at 70% of the monthly LIBOR rate in U.S. dollars plus a spread of 1.40%. The village agrees to pay interest to the counterparty at a fixed rate of 3.255% on notional amounts that match the outstanding principal portion of the 2009 Series 1st Avenue TIF bonds, which was \$15,520,000 at December 31, 2013. Under the agreement, the village pays and receives interest semi-annually. The net interest expense resulting from the agreement is included in interest expense.

Credit Risk

Credit risk is the risk of loss due to a counterparty defaulting on its obligations. The village seeks to minimize credit risk by transacting with creditworthy counterparties. Interest rate swap counterparties are evaluated at the time of transaction execution. The village uses industry standard agreements to document derivative transactions. These agreements include netting clauses whereby, if the village and the counterparty owe each other payment, the party owing the greater amount pays the net.

The village is exposed to credit risk to the extent that it has net fair value gains on its derivative position with the counterparty. At December 31, 2013, the village was not exposed to credit risk because the swap had a negative fair value change. Northern Trust Company, the counterparty in this transaction, has credit ratings of AA-, Aa3, and AA/AA- with Standard & Poor's, Moody's, and Fitch Ratings, respectively. The transaction does not require collateral from the village or the counterparty.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

Interest Rate Risk

Interest rate risk is the risk that there is mismatch between the variable rate payments received on the swap contract and the interest payment actually owed on the bonds. Since the swap is an effective hedge, along with the variable rate debt and the swap being set on the same LIBOR index, any changes in the index will have no effect on the interest that the village pays.

Termination Risk

Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include bankruptcy, illegality, default, and mergers in which the successor entity does not meet credit criteria. One aspect of termination risk is that the variable-rate bonds would no longer have a synthetic fixed rate of interest and the village would lose the hedging benefit of the swap if it becomes subject to a termination event. Another aspect of termination risk is that, if at the time of termination the mark-to-market value of the derivative was a liability to the village, the village could be required to pay that amount to the counterparty.

Hedged Debt

Future net cash flows for the village's synthetic fixed-rate debt are shown below. The table shows only the village's effectively hedged synthetic fixed-rate debt, which is a subset of the village's total debt. These amounts assume that the interest rates of the bonds based on LIBOR and the reference rates of the hedging interest rate swap (also LIBOR) remain at December 31, 2013 levels. These rates will vary and, as they do, interest payments on the variable-rate bonds and net receipts/payments on the interest rate swaps will vary. However, the two payments are expected to move inverse to one another resulting in the same payment for the two amounts in total. Accordingly, as of December 31, 2013, this portion of the village's variable-rate debt is effectively hedged. After the end the term, any remaining principal would revert to the variable rate.

Years	Swap Payments			
	Principal	Interest	Swap, Net	Total
2014	\$ 805,000	\$ 240,241	\$ 277,630	\$ 1,322,871
2015	840,000	228,086	263,582	1,331,668
2016	875,000	215,402	248,924	1,339,326
2017	915,000	202,189	233,656	1,350,845
2018	960,000	188,373	217,689	1,366,062
2019-2020	<u>1,000,000</u>	<u>253,265</u>	<u>384,424</u>	<u>2,682,689</u>
Totals	<u>\$ 5,395,000</u>	<u>\$ 1,327,556</u>	<u>\$ 1,625,905</u>	<u>\$ 9,393,461</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - 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. 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

The IMRF plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is 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.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight 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 of credited service up to 15 years and 2% for each year thereafter. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. 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 contribution rate for 2012 was 7.58% of annual covered payroll. For 2012, the employer annual required contribution rate was also 7.58%.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Illinois Municipal Retirement Fund - SLEP

The IMRF plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is 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.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight 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 of credited service up to 15 years and 2% for each year thereafter. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. 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 contribution rate for 2012 was 15.53% of annual covered payroll. For 2012, the employer annual required contribution rate was also 15.53%.

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, 2013, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	17
Current employees:	
Vested	12
Non vested	8
	<hr/>
Total	<hr/> <hr/> 37

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

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

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

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

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% by the year 2040. For the year ended December 31, 2013, the village's contribution was 29.60% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

At December 31, 2013, the Firefighters' Pension Plan membership consisted of:

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

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

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2013, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% by the year 2040. For the year ended December 31, 2013, the village's contribution was 51.53% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

Summary of Significant Accounting Policies

Police and Firefighters' Pension Plans

Basis of Accounting. The financial statements of the pension funds 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Annual Pension Cost

The village 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
	December 31, 2012	December 31, 2012	December 31, 2012	December 31, 2012
Actuarial valuation date				
Contribution rates:				
Employer	7.58%	15.53%	29.60%	51.53%
Employee	4.50%	7.50%	9.91%	9.45%
Annual required contribution	\$157,304	\$13,735	\$429,052	\$44,408
Contributions made	\$157,304	\$13,735	\$420,000	\$50,000
Actuarial cost method	Entry-age normal 5 year smoothed market	Entry-age normal 5 year smoothed market	Entry-age normal Market	Entry-age normal Market
Asset valuation method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization method	30 years, open	30 years, open	28 years, closed	28 years, closed
Amortization period				
Actuarial assumptions:				
Investment rate of return	7.50% Compounded annually	7.50% Compounded annually	7.00% Compounded annually	7.00% Compounded annually
Projected salary increases	0.4 to 10%	0.4 to 10%	5.50%	5.50%
Inflation rate included	4.00%	4.00%	3.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%	3.00%	3.00%

Net Pension Obligation

The following is the net pension obligation calculation from the December 31, 2013 actuarial report:

Net Pension Obligation:	Police Pension	Firefighters' Pension
Annual required contribution	\$ 429,052	\$ 44,408
Interest on net pension obligation	62,481	7,319
Adjustment to annual required contribution	(37,774)	(4,425)
Annual pension cost	453,759	47,302
Contributions made	(420,000)	(50,000)
Change in net pension obligation	33,759	(2,698)
Net pension obligation, beginning of year	1,188,707	76,263
Net pension obligation, end of year	<u>\$ 1,222,466</u>	<u>\$ 73,565</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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)	2013	\$ 157,304	\$ 13,735	\$ 453,759	\$ 47,302
	2012	149,463	10,689	452,762	43,564
	2011	139,665	10,528	452,762	43,564
Contributions made	2013	\$ 157,304	\$ 13,735	\$ 420,000	\$ 50,000
	2012	149,463	10,689	340,000	50,000
	2011	139,665	10,528	260,000	20,000
Percentage of APC contributed	2013	100%	100%	92.56%	105.70%
	2012	100%	100%	75.09%	114.77%
	2011	100%	100%	57.43%	45.94%
Net pension obligation	2013	\$ -	\$ -	\$ 1,222,466	\$ 73,565
	2012	-	-	1,188,707	76,263
	2011	-	-	1,075,945	82,699

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 - REG	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2012	December 31, 2012	December 31, 2012	December 31, 2012
Actuarial Valuation of Assets (a)	\$ 3,523,513	\$ 113,956	\$ 7,414,219	\$ 383,413
Actuarial Accrued Liability (AAL) -				
Entry Age (b)	\$ 3,356,990	\$ 128,126	\$ 14,564,226	\$ 732,029
Unfunded AAL (UAAL) (b - a)	\$ (166,523)	\$ 14,170	\$ 7,150,007	\$ 348,616
Funded Ratio (a/b)	105 %	89 %	51 %	52 %
Covered Payroll (c)	2,075,247	88,442	1,286,601	90,049
UAAL as a Percentage of Covered Payroll ((b-a)/c)	0 %	16 %	556 %	387 %

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
Assets			
Cash and cash equivalents	\$ 453,159	\$ 240,843	\$ 694,002
Investments - certificates of deposits with banks	-	197,798	197,798
Investments - other, at fair value	7,711,692	-	7,711,692
Interest receivable	10,132	-	10,132
Total Assets	<u>8,174,983</u>	<u>438,641</u>	<u>8,613,624</u>
Liabilities			
Net position			
Held in trust for pension benefits	<u>\$ 8,174,983</u>	<u>\$ 438,641</u>	<u>\$ 8,613,624</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions			
Employee contributions	\$ 140,512	\$ 9,173	\$ 149,685
Employer contributions	<u>420,000</u>	<u>50,000</u>	<u>470,000</u>
Total Contributions	<u>560,512</u>	<u>59,173</u>	<u>619,685</u>
Investment Income			
Bank deposits	277	1,021	1,298
Government securities	41,667	-	41,667
Insurance contracts	587,765	-	587,765
Gain on investments	163,042	-	163,042
Net appreciation in fair value of investments	<u>108,863</u>	<u>-</u>	<u>108,863</u>
Net investment income	<u>901,614</u>	<u>1,021</u>	<u>902,635</u>
Total Additions	<u>1,462,126</u>	<u>60,194</u>	<u>1,522,320</u>
Deductions			
Payments to participants	481,318	-	481,318
Payments to beneficiaries	197,951	-	197,951
Other	<u>22,093</u>	<u>4,966</u>	<u>27,059</u>
Total Deductions	<u>701,362</u>	<u>4,966</u>	<u>706,328</u>
Net change in net position	760,764	55,228	815,992
Net position, beginning of year	<u>7,414,219</u>	<u>383,413</u>	<u>7,797,632</u>
Net position, end of year	<u>\$ 8,174,983</u>	<u>\$ 438,641</u>	<u>\$ 8,613,624</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. The village participates in a public entity risk pool called to provide coverage for losses from (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the village in the general fund.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

ICRMT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

As of December 31, 2013, the village is committed to approximately \$370,350 in expenditures in the upcoming year for a construction project for the McCook Athletic and Exposition Center (Max). These expenditures will be paid through the available fund balance of the 1st Avenue TIF.

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 As of and for the Year Ended December 31, 2013

NOTE III - 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 2013, the village contributed \$275,392 to the plan. Plan members receiving benefits are not required to make any contributions to the plan.

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

Annual required contribution	\$ 899,908
Interest on net OPEB obligation	118,124
Adjustment to annual required contribution	<u>(98,437)</u>
Annual OPEB cost	919,595
Contributions made	<u>(275,392)</u>
Increase in net OPEB obligation	644,203
Net OPEB Obligation - Beginning of Year	<u>2,953,106</u>
Net OPEB Obligation - End of Year	<u><u>\$ 3,597,309</u></u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III - 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 2013 and the two prior years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 899,908	20.34%	\$ 2,326,229
December 31, 2012	899,908	20.34%	2,953,106
December 31, 2013	919,595	29.95%	3,597,309

The funded status of the plan as of December 31, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 10,483,987
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 10,483,987</u></u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 4,105,031
UAAL as a percentage of covered payroll	255%

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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 As of and for the Year Ended December 31, 2013

NOTE III - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 6%. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2013, was 30 years.

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

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

- > Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013			2012
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
TAXES				
Real estate	\$ 2,875,000	\$ 2,332,553	\$ (542,447)	\$ 2,414,429
Replacement	420,000	485,980	65,980	420,692
State income	21,000	25,001	4,001	21,888
Sales	716,500	1,141,160	424,660	762,919
Dumping	70,000	108,732	38,732	76,836
Tax stamp	50,000	160,883	110,883	186,500
Mineral sales/use	10,000	31,565	21,565	14,353
Video Gaming tax	-	20,686	20,686	-
Environmental	40,000	40,000	-	40,000
Telecommunication	190,000	141,304	(48,696)	168,299
Host	9,000	13,008	4,008	9,720
Waste transfer	85,000	81,243	(3,757)	82,606
Total Taxes	4,486,500	4,582,115	95,615	4,198,242
INTERGOVERNMENTAL				
State forfeiture	-	2,201	2,201	25,200
Federal forfeiture	-	321,167	321,167	170,216
Total Intergovernmental	-	323,368	323,368	195,416
Licenses, permits and fees	489,000	704,128	215,128	510,785
Fines and police reports	121,000	196,084	75,084	120,936
Interest	1,500	5,961	4,461	2,403
Miscellaneous	915,000	463,166	(451,834)	108,210
Total Revenues	6,013,000	6,274,822	261,822	5,135,992
EXPENDITURES				
GENERAL GOVERNMENT				
General government	4,024,000	3,087,696	936,304	2,607,160
PUBLIC SAFETY				
License and enforcement	83,300	67,477	15,823	68,956
Police department	2,974,700	3,142,194	(167,494)	2,920,069
Fire department	1,025,000	878,878	146,122	858,518
Board of police and fire commissioners	22,800	9,145	13,655	9,534
Health department	14,800	10,107	4,693	10,439
Emergency disaster service agency	10,100	-	10,100	-
Environmental control	24,900	-	24,900	-
Total Public Safety	4,155,600	4,107,801	47,799	3,867,516

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

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013 With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013			2012
	Original and Final Budget	Actual	Variance with Final Budget	Actual
PUBLIC WORKS				
Buildings and grounds	\$ 453,000	\$ 344,090	\$ 108,910	\$ 247,630
Sanitation	12,500	148,689	(136,189)	3,349
Streets	54,000	18,958	35,042	8,526
Street lighting	96,000	25,144	70,856	28,974
Total Public Works	<u>615,500</u>	<u>536,881</u>	<u>78,619</u>	<u>288,479</u>
CAPITAL OUTLAY				
General government	48,000	101,000	(53,000)	72,874
License and enforcement	25,000	1,433	23,567	1,030
Police department	126,000	13,651	112,349	5,218
Fire department	50,000	31,258	18,742	28,957
Buildings and grounds	220,500	130,970	89,530	29,923
Streets	142,000	22,233	119,767	22,800
Street lighting	60,000	24,588	35,412	26,856
Total Capital Outlay	<u>671,500</u>	<u>325,133</u>	<u>346,367</u>	<u>187,658</u>
Total Expenditures	<u>9,466,600</u>	<u>8,057,511</u>	<u>1,409,089</u>	<u>6,950,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,453,600)</u>	<u>(1,782,689)</u>	<u>1,670,911</u>	<u>(1,814,821)</u>
OTHER FINANCING SOURCES				
Transfers in	300,000	4,665,925	4,365,925	1,505,023
Transfers out	-	(344,514)	(344,514)	-
Total Other Financing Sources	<u>300,000</u>	<u>4,321,411</u>	<u>4,021,411</u>	<u>1,505,023</u>
Net Change in Fund Balance	<u>\$ (3,153,600)</u>	2,538,722	<u>\$ 5,692,322</u>	(309,798)
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(673,888)</u>		<u>(364,090)</u>
FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ 1,864,834</u>		<u>\$ (673,888)</u>

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

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - 1ST AVENUE TIF - SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013			2012
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Real estate	\$ -	\$ 2,282,086	\$ 2,282,086	\$ 2,243,035
Interest earned	-	14,507	14,507	9,912
Miscellaneous	-	25,375	25,375	-
Total Revenues	-	<u>2,321,968</u>	<u>2,321,968</u>	<u>2,252,947</u>
EXPENDITURES				
Current				
Community development	850,700	441,380	409,320	778,088
Professional services	178,000	136,246	41,754	310,422
Capital Outlay	<u>210,000</u>	<u>936,150</u>	<u>(726,150)</u>	-
Debt Service				
Principal retirement	2,400,000	2,355,000	45,000	390,000
Interest and other	1,000,000	1,043,999	(43,999)	395,008
Buildings and grounds	<u>1,020,000</u>	<u>419,360</u>	<u>600,640</u>	<u>6,184,979</u>
Total Expenditures	<u>5,658,700</u>	<u>5,332,135</u>	<u>326,565</u>	<u>8,058,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,658,700)</u>	<u>(3,010,167)</u>	<u>2,648,533</u>	<u>(5,805,550)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,374,615)	(3,374,615)	(549,923)
General obligation bonds issued	-	<u>2,800,000</u>	<u>2,800,000</u>	<u>10,000,000</u>
Total Other Financing Sources (Uses)	-	<u>(574,615)</u>	<u>(574,615)</u>	<u>9,450,077</u>
Net Change in Fund Balance	<u>\$ (5,658,700)</u>	<u>(3,584,782)</u>	<u>\$ 2,073,918</u>	<u>3,644,527</u>
FUND BALANCE - Beginning of Year		<u>4,163,048</u>		<u>518,521</u>
FUND BALANCE - END OF YEAR		<u>\$ 578,266</u>		<u>\$ 4,163,048</u>

See accompanying auditors' 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, 2013

<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2013	\$ 157,304	100.00%	\$ -
12/31/2012	149,463	100.00%	-
12/31/2011	139,665	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>
12/31/2013	\$ 3,523,513	\$ 3,356,990	\$ (166,523)	104.96%	\$ 2,075,247	-%
12/31/2012	3,067,062	2,879,292	(187,770)	106.52%	1,990,190	-%
12/31/2011	2,872,066	2,509,232	(362,834)	114.46%	1,918,475	-%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$3,605,019. On a market basis, the funded ratio would be 107.39%.

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	12/31/2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	0.4 - 10%
Inflation factor	4.00%
Cost of living adjustments	3.00%

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2013

		Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation	
Actuarial Valuation Date					
12/31/2013		\$ 13,735	100.00%	\$	-
12/31/2012		10,689	100.00%		-
12/31/2011		10,528	100.00%		-

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
12/31/2013	\$ 113,956	\$ 128,126	\$ 14,170	88.94%	\$ 88,442	16.02%
12/31/2012	91,645	91,040	(605)	100.66%	76,405	0.00%
12/31/2011	74,522	68,587	(5,935)	108.70%	76,961	0.00%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$116,273. On a market basis, the funded ratio would be 90.75%.

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	12/31/2012
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	0.4 - 10%
Inflation factor	4.00%
Cost of living adjustments	3.00%

VILLAGE OF MCCOOK

POLICE PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2013

<u>Fiscal Year Ended</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2013	\$ 453,759	92.56%	\$ 1,222,466
12/31/2012	452,762	75.09%	1,188,707
12/31/2011	452,762	57.43%	1,075,945

<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>
12/31/2012	\$ 7,414,219	\$14,564,226	\$ 7,150,007	50.90%	\$ 1,286,601	555.73%
12/31/2010	7,399,275	12,958,917	5,559,642	57.10%	1,195,374	465.10%
12/31/2008	6,551,581	11,604,736	5,053,155	56.46%	1,175,382	429.92%

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	12/31/2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	28 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%

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

VILLAGE OF MCCOOK

FIREFIGHTERS' PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2013

<u>Fiscal Year Ended</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 47,302	105.70%	\$ 73,565
12/31/2011	43,564	114.77%	76,263
12/31/2010	43,564	45.94%	82,699

<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>
12/31/2012	\$ 383,413	\$ 732,029	\$ 348,616	52.40%	\$ 90,049	387.10%
12/31/2010	298,426	888,310	589,884	33.59%	90,596	651.11%
12/31/2008	228,039	788,637	560,598	28.92%	82,500	679.51%

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	12/31/2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	28 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%

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

VILLAGE OF MCCOOK

RETIREES' HEALTH PLAN SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2013

<u>Fiscal Year End Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2013	\$ 919,595	29.95%	\$ 3,597,309
12/31/2012	899,908	20.34%	2,953,106
12/31/2011	899,908	20.34%	2,236,229

<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>
12/31/2013	\$ -	\$10,483,987	\$10,483,987	0.00%	\$ 4,105,031	255.39%
12/31/2010	-	9,536,145	9,536,145	0.00%	3,726,344	223.95%

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	12/31/2013
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	4.00%
Inflation factor	3.00%

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

VILLAGE OF MCCOOK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2013

BUDGETARY INFORMATION

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

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

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

SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2013

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	Total Nonmajor Governmental Funds
ASSETS					
Cash	\$ 22,588	\$ 14,284	\$ 18,221	\$ -	\$ 55,093
Receivables					
Real estate taxes	-	-	186,200	735,056	921,256
Due from other funds	26,772	-	-	201,645	228,417
TOTAL ASSETS	<u>49,360</u>	<u>14,284</u>	<u>204,421</u>	<u>936,701</u>	<u>1,204,766</u>
TOTAL ASSETS	<u>\$ 49,360</u>	<u>\$ 14,284</u>	<u>\$ 204,421</u>	<u>\$ 936,701</u>	<u>\$ 1,204,766</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 884	\$ -	\$ -	\$ 884
Due to other funds	-	-	13,310	-	13,310
Total Liabilities	<u>-</u>	<u>884</u>	<u>13,310</u>	<u>-</u>	<u>14,194</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	186,200	735,056	921,256
Total Deferred Inflows of Resources	-	-	186,200	735,056	921,256
Fund Balances (Deficit)					
Restricted for highways and streets	49,360	-	-	-	49,360
Restricted for community development	-	-	4,911	-	4,911
Restricted for public safety	-	13,400	-	-	13,400
Restricted for debt service	-	-	-	201,645	201,645
Total Fund Balances	<u>49,360</u>	<u>13,400</u>	<u>4,911</u>	<u>201,645</u>	<u>269,316</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 49,360</u>	<u>\$ 14,284</u>	<u>\$ 204,421</u>	<u>\$ 936,701</u>	<u>\$ 1,204,766</u>

VILLAGE OF MCCOOK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	Total Nonmajor Governmental Funds
REVENUES					
Real estate taxes	\$ -	\$ -	\$ 198,437	\$ 301,645	\$ 500,082
Motor fuel tax	6,583	-	-	-	6,583
Fees collected	-	43,286	-	-	43,286
Interest	10	-	-	-	10
Total Revenues	<u>6,593</u>	<u>43,286</u>	<u>198,437</u>	<u>301,645</u>	<u>549,961</u>
EXPENDITURES					
Current					
Community development	-	-	58,199	-	58,199
Maintenance and service	-	5,697	-	-	5,697
Debt Service					
Interest and other	-	-	68,285	-	68,285
Principal retirement	-	-	160,000	-	160,000
Total Expenditures	<u>-</u>	<u>5,697</u>	<u>286,484</u>	<u>-</u>	<u>292,181</u>
Excess (deficiency) of revenues over expenditures	<u>6,593</u>	<u>37,589</u>	<u>(88,047)</u>	<u>301,645</u>	<u>257,780</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(13,310)	(300,000)	(313,310)
General obligation bonds issued	-	-	-	200,000	200,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(13,310)</u>	<u>(100,000)</u>	<u>(113,310)</u>
Net Change in Fund Balances	6,593	37,589	(101,357)	201,645	144,470
FUND BALANCES (DEFICIT)					
- Beginning of Year	<u>42,767</u>	<u>(24,189)</u>	<u>106,268</u>	<u>-</u>	<u>124,846</u>
FUND BALANCES - END OF YEAR	<u>\$ 49,360</u>	<u>\$ 13,400</u>	<u>\$ 4,911</u>	<u>\$ 201,645</u>	<u>\$ 269,316</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, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013			2012
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
INTERGOVERNMENTAL				
Motor fuel tax allotments	\$ -	\$ 6,583	\$ 6,583	\$ -
Interest	-	10	10	17
Total Revenues	-	6,593	6,593	17
EXPENDITURES				
Road construction	50,000	-	50,000	-
Contingency	10,000	-	10,000	-
Total Expenditures	60,000	-	60,000	-
Net Change in Fund Balance	<u>\$ (60,000)</u>	6,593	<u>\$ 66,593</u>	17
FUND BALANCE - Beginning of Year		<u>42,767</u>		<u>42,750</u>
FUND BALANCE - END OF YEAR		<u>\$ 49,360</u>		<u>\$ 42,767</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, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013			2012
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Fees collected	\$ -	\$ 43,286	\$ 43,286	\$ 52,768
Total Revenues	-	43,286	43,286	52,768
EXPENDITURES				
CURRENT				
Maintenance and service	25,000	5,697	19,303	5,134
Total Expenditures	25,000	5,697	19,303	5,134
Net Change in Fund Balance	\$ (25,000)	37,589	\$ 62,589	47,634
FUND BALANCE (DEFICIT) - Beginning of Year		(10,789)		(71,823)
FUND BALANCE (DEFICIT) - END OF YEAR		\$ 26,800		\$ (24,189)

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - JOLIET ROAD TIF - SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		
	Original and Final Budget	Actual	Variance with Final Budget
			2012 Actual
REVENUES			
Real estate	\$ -	\$ 198,437	\$ 198,437
Interest earned	-	-	17
Total Revenues	-	198,437	324,080
EXPENDITURES			
CURRENT			
Community development	260,500	54,000	206,500
Professional services	17,000	4,199	12,801
Debt Service			
Principal retirement	200,000	160,000	40,000
Interest and other	150,000	68,285	81,715
Total Expenditures	627,500	286,484	341,016
Excess (deficiency) of revenues over (under) expenditures	(627,500)	(88,047)	539,453
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(13,310)	(13,310)
Total Other Financing Sources (Uses)	-	(13,310)	(13,310)
Net Change in Fund Balance	\$ (627,500)	(101,357)	\$ 526,143
FUND BALANCE - Beginning of Year		106,268	36,167
FUND BALANCE - END OF YEAR		\$ 4,911	\$ 106,268

VILLAGE OF MCCOOK

COMBINING STATEMENT OF NET POSITION PENSION TRUST FUNDS As of December 31, 2013

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 453,159	\$ 240,843	\$ 694,002
Investments - certificates of deposits with banks	-	197,798	197,798
Investments - other, at fair value	7,711,692	-	7,711,692
Interest receivable	<u>10,132</u>	<u>-</u>	<u>10,132</u>
Total Assets	<u>8,174,983</u>	<u>438,641</u>	<u>8,613,624</u>
LIABILITIES			
NET POSTION			
Net position reserved for participants and beneficiaries	<u>\$ 8,174,983</u>	<u>\$ 438,641</u>	<u>\$ 8,613,624</u>

VILLAGE OF MCCOOK

COMBINING STATEMENT OF CHANGES IN NET POSITION PENSION TRUST FUNDS

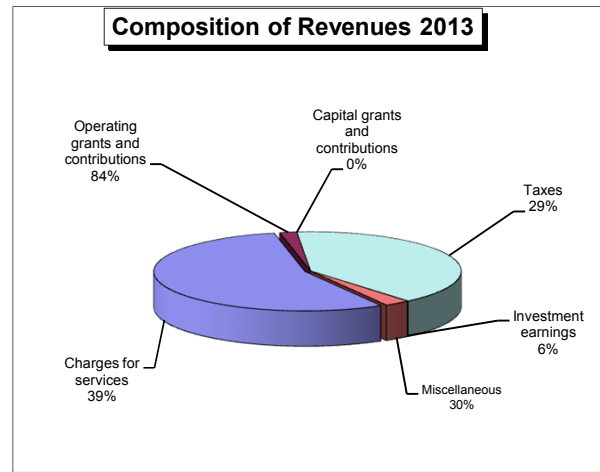
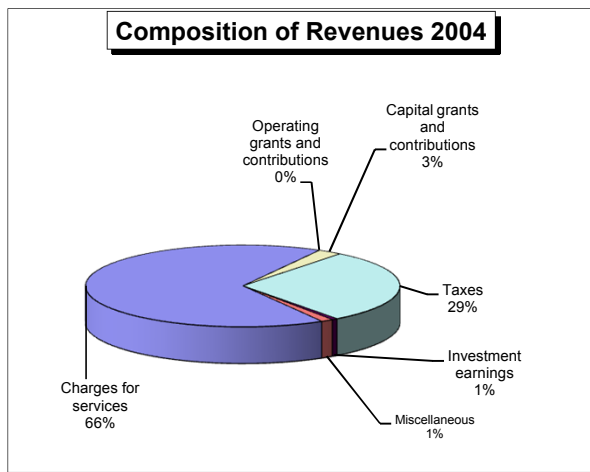
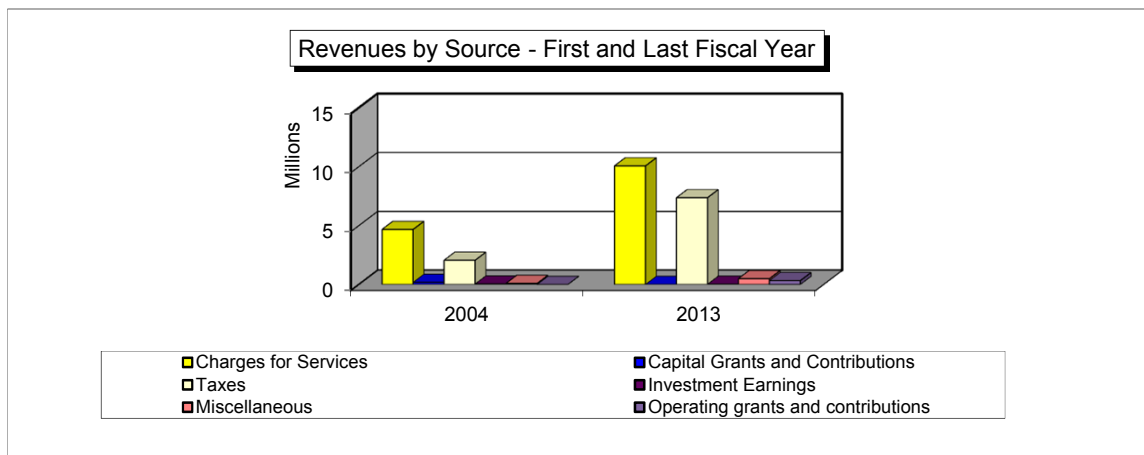
For the Year Ended December 31, 2013

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Employee contributions	\$ 140,512	\$ 9,173	\$ 149,685
Employer contributions	420,000	50,000	470,000
Total	<u>560,512</u>	<u>59,173</u>	<u>619,685</u>
Investment income			
Bank deposits	277	1,021	1,298
Government securities	41,667	-	41,667
Insurance contracts	587,765	-	587,765
Net appreciation in fair value of investments	108,863	-	108,863
Mutual Funds	163,042	-	163,042
Total Investment Income	<u>901,614</u>	<u>1,021</u>	<u>902,635</u>
Total Additions	<u>1,462,126</u>	<u>60,194</u>	<u>1,522,320</u>
DEDUCTIONS			
Payments to participants	481,318	-	481,318
Payments to beneficiaries	197,951	-	197,951
Administrative	22,093	4,966	27,059
Total Deductions	<u>701,362</u>	<u>4,966</u>	<u>706,328</u>
 Change in Net Position	 760,764	 55,228	 815,992
 NET POSITION - Beginning of Year	 <u>7,414,219</u>	 <u>383,413</u>	 <u>7,797,632</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 8,174,983</u></u>	 <u><u>\$ 438,641</u></u>	 <u><u>\$ 8,613,624</u></u>

VILLAGE OF McCOOK

GOVERNMENT-WIDE REVENUES BY TYPE LAST TEN FISCAL YEARS

	2004	2005	2006
Program Revenues			
Charges for services	\$ 4,668,897	\$ 5,408,892	\$ 5,351,922
Operating grants and contributions	-	-	240,985
Capital grants and contributions	177,169	253,451	-
Total Program Revenues	4,846,066	5,662,343	5,592,907
General Revenues			
Taxes	2,053,461	3,495,621	3,757,483
Investment earnings	40,865	37,655	102,249
Miscellaneous	88,493	132,949	97,557
Total General Revenues	2,182,819	3,666,225	3,957,289
Total Revenues	\$ 7,028,885	\$ 9,328,568	\$ 9,550,196



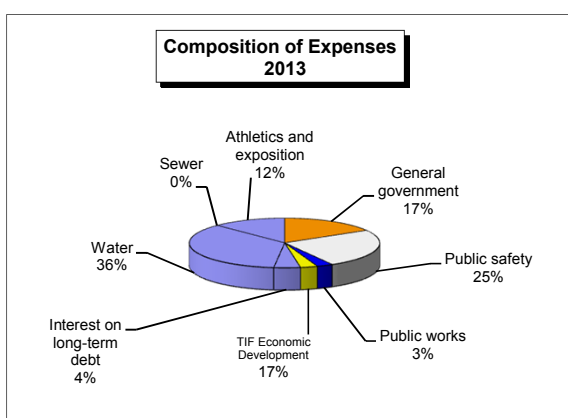
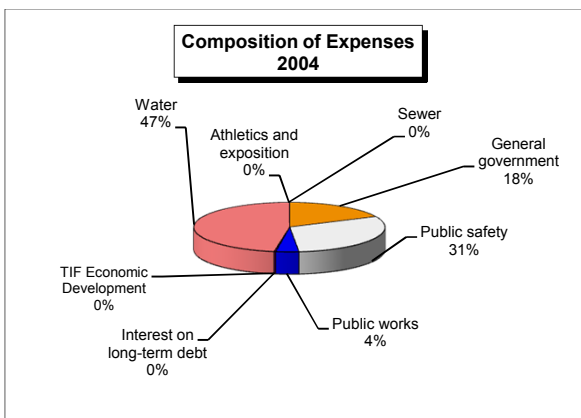
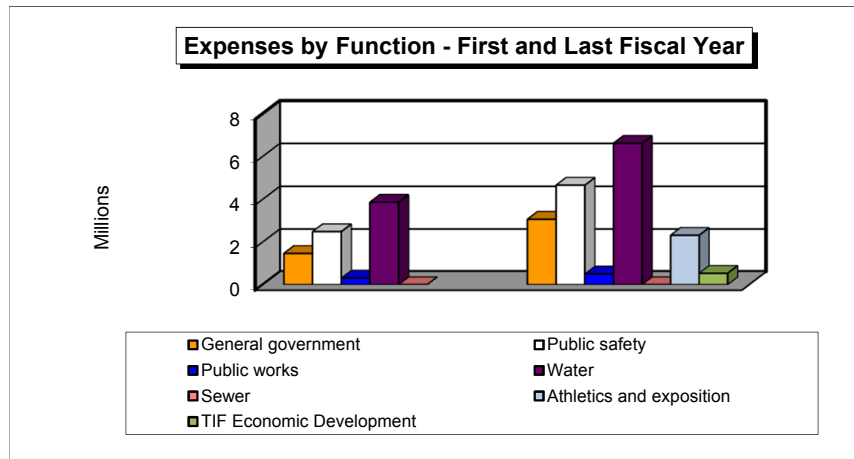
SOURCE OF INFORMATION: 2004-2013 financial statements

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 5,392,677	\$ 5,604,956	\$ 7,943,571	\$ 8,098,786	\$ 8,093,785	\$ 9,277,655	\$ 10,059,401
211,603	135,107	447,435	486,735	120,219	195,416	329,951
-	-	275,000	-	-	-	-
<u>5,604,280</u>	<u>5,740,063</u>	<u>8,666,006</u>	<u>8,585,521</u>	<u>8,214,004</u>	<u>9,473,071</u>	<u>10,389,352</u>
4,905,922	5,635,766	5,321,541	4,755,507	6,300,782	6,765,340	7,364,283
118,731	144,309	73,331	55,246	26,027	14,485	21,656
79,334	85,441	132,669	41,458	2,095,339	112,629	494,985
<u>5,103,987</u>	<u>5,865,516</u>	<u>5,527,541</u>	<u>4,852,211</u>	<u>8,422,148</u>	<u>6,892,454</u>	<u>7,880,924</u>
<u>\$ 10,708,267</u>	<u>\$ 11,605,579</u>	<u>\$ 14,193,547</u>	<u>\$ 13,437,732</u>	<u>\$ 16,636,152</u>	<u>\$ 16,365,525</u>	<u>\$ 18,270,276</u>

VILLAGE OF McCOOK

GOVERNMENT-WIDE EXPENSES BY FUNCTION LAST TEN FISCAL YEARS

	2004	2005	2006	2007
Governmental Activities				
General government	\$ 1,469,436	\$ 1,532,744	\$ 1,679,433	\$ 1,949,506
Public safety	2,486,968	2,269,713	2,676,559	2,870,784
Public works	315,198	350,404	422,101	389,620
TIF economic development	-	-	-	-
Interest on long-term debt	22,776	44,457	37,595	27,646
Total Governmental Activities	4,294,378	4,197,318	4,815,688	5,237,556
Business-type Activities				
Water	3,867,830	4,091,521	4,038,097	4,114,317
Sewer	3,317	1,200	4,420	1,000
Athletics and exposition	-	-	-	-
Total Business-type Activities	3,871,147	4,092,721	4,042,517	4,115,317
Total Expenses	\$ 8,165,525	\$ 8,290,039	\$ 8,858,205	\$ 9,352,873



SOURCE OF INFORMATION: 2004-2013 Financial Statements

2008	2009	2010	2011	2012	2013
\$ 2,235,288	\$ 2,284,217	\$ 2,421,967	\$ 2,595,413	\$ 2,736,055	\$ 3,070,744
3,214,379	4,081,522	4,033,074	4,228,278	4,475,399	4,662,071
359,003	450,822	469,963	459,993	437,550	506,983
2,798,857	17,845,573	295,321	1,746,348	92,386	538,221
13,622	202,053	537,832	707,463	817,122	834,768
<u>8,621,149</u>	<u>24,864,187</u>	<u>7,758,157</u>	<u>9,737,495</u>	<u>8,558,512</u>	<u>9,612,787</u>
4,400,423	4,869,143	5,215,955	5,075,570	6,202,280	6,614,338
2,000	2,000	2,000	4,950	2,050	2,498
700,355	2,402,320	2,448,233	2,345,810	2,422,642	2,317,070
<u>5,102,778</u>	<u>7,273,463</u>	<u>7,666,188</u>	<u>7,426,330</u>	<u>8,626,972</u>	<u>8,933,906</u>
<u>\$ 13,723,927</u>	<u>\$ 32,137,650</u>	<u>\$ 15,424,345</u>	<u>\$ 17,163,825</u>	<u>\$ 17,185,484</u>	<u>\$ 18,546,693</u>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS REVENUES BY SOURCE * LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Local Sources				
Taxes	\$ 7,364,283	\$ 6,765,340	\$ 6,300,782	\$ 4,755,507
Intergovernmental	329,951	195,416	120,219	486,735
Licenses, permits, and fees	747,414	563,553	426,964	408,983
Fines and police reports	196,084	120,936	134,143	169,237
Interest earned	20,478	12,349	25,457	50,045
Miscellaneous	<u>488,541</u>	<u>108,210</u>	<u>574,001</u>	<u>35,648</u>
 Total Local Sources	 <u>\$ 9,146,751</u>	 <u>\$ 7,765,804</u>	 <u>\$ 7,581,566</u>	 <u>\$ 5,906,155</u>

* - Includes revenues for all Governmental Fund Types.

SOURCE OF INFORMATION: 2004-2013 Annual Financial Statements.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 5,321,541	\$ 5,635,766	\$ 4,905,922	\$ 3,757,483	\$ 3,495,621	\$ 2,046,212
447,435	135,107	211,603	240,985	76,282	57,881
1,028,139	354,783	493,298	469,607	299,024	242,285
206,796	199,194	142,737	138,189	118,906	71,051
59,472	53,482	100,312	82,158	32,069	21,625
123,100	85,441	79,334	97,557	118,949	99,315
<u>\$ 7,186,483</u>	<u>\$ 6,463,773</u>	<u>\$ 5,933,206</u>	<u>\$ 4,785,979</u>	<u>\$ 4,140,851</u>	<u>\$ 2,538,369</u>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION* LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government	\$ 3,188,696	\$ 2,680,034	\$ 2,513,789	\$ 2,288,577
TIF Economic Development	1,991,335	7,339,585	1,746,348	295,321
Public Safety	4,159,840	3,907,855	3,431,815	3,060,919
Public Works	714,672	368,058	338,908	354,740
Debt Service	<u>3,627,284</u>	<u>960,791</u>	<u>1,601,919</u>	<u>1,890,553</u>
Total	<u>\$ 13,681,827</u>	<u>\$ 15,256,323</u>	<u>\$ 9,632,779</u>	<u>\$ 7,890,110</u>

* - Includes expenditures for all Governmental Fund Types.

SOURCE OF INFORMATION: 2004-2013 Annual Financial Statements.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 2,050,426	\$ 2,076,558	\$ 1,878,769	\$ 1,691,461	\$ 1,556,911	\$ 1,458,189
18,270,823	2,798,857	-	-	-	-
3,354,146	3,013,519	2,850,256	2,480,555	2,194,391	2,596,072
362,143	396,883	329,921	349,571	387,515	790,361
<u>231,159</u>	<u>459,720</u>	<u>465,263</u>	<u>464,354</u>	<u>478,432</u>	<u>106,206</u>
<u>\$ 24,268,697</u>	<u>\$ 8,745,537</u>	<u>\$ 5,524,209</u>	<u>\$ 4,985,941</u>	<u>\$ 4,617,249</u>	<u>\$ 4,950,828</u>

VILLAGE OF McCOOK

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Rates Extended*				
Corporate	2.4892	2.4363	1.9782	1.7132
Bond & Interest	0.3249	0.0000	0.0000	0.0000
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>2.8141</u>	 <u>2.4363</u>	 <u>1.9782</u>	 <u>1.7132</u>
 Levies Extended				
Total Levies Extended	<u>\$ 2,728,660</u>	<u>\$ 2,458,736</u>	<u>\$ 2,342,417</u>	<u>\$ 2,233,000</u>
 Total Collections^	 <u>\$ 2,612,682</u>	 <u>\$ 2,364,169</u>	 <u>\$ 2,322,374</u>	 <u>\$ 2,217,164</u>
 Percentage of Extensions Collected	 <u>95.75%</u>	 <u>96.15%</u>	 <u>99.14%</u>	 <u>99.29%</u>

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

^ Net of prior year refunds.

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 2003 to 2012.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
1.4182	1.2777	1.3554	1.3346	1.7542	1.6378
0.0000	0.1855	0.2016	0.2028	0.2811	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<u>1.4182</u>	<u>1.4632</u>	<u>1.5570</u>	<u>1.5374</u>	<u>2.0353</u>	<u>1.6378</u>
<u>\$ 2,159,150</u>	<u>\$ 2,129,000</u>	<u>\$ 2,135,694</u>	<u>\$ 2,164,015</u>	<u>\$ 2,124,525</u>	<u>\$ 1,752,619</u>
<u>\$ 2,093,498</u>	<u>\$ 2,017,989</u>	<u>\$ 2,020,210</u>	<u>\$ 2,042,668</u>	<u>\$ 2,052,520</u>	<u>\$ 1,687,236</u>
<u>96.96%</u>	<u>94.79%</u>	<u>94.59%</u>	<u>94.39%</u>	<u>96.61%</u>	<u>96.27%</u>

VILLAGE OF McCOOK

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

Tax Levy Year	Equalized Assessed Valuation	Amount of Increase (Decrease) Over Previous Year	Percentage Increase (Decrease) Over Previous Year	Actual Estimated Value*
2012	\$ 96,966,478	\$ (3,889,803)	-3.86%	\$ 290,899,434
2011	100,856,281	(17,555,165)	-14.83%	302,568,843
2010	118,411,446	(11,927,297)	-9.15%	355,234,338
2009	130,338,743	(21,912,282)	-14.39%	391,016,229
2008	152,251,025	6,747,531	4.64%	456,753,075
2007	145,503,494	8,336,491	6.08%	436,510,482
2006	137,167,003	(2,141,845)	-1.54%	411,501,009
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

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

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports
for 2003 to 2012.

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
2013	2012	\$ 14,000,000	\$ -	\$ 14,000,000
2012	2011	14,275,000	-	14,275,000
2011	2010	14,510,000	-	14,510,000
2010	2009	14,710,000	-	14,710,000
2009	2008	14,880,000	-	14,880,000
2008	2007	15,030,000	-	15,030,000
2007	2006	570,000	-	160,000
2006	2005	1,130,000	-	315,000
2005	2004	1,670,000	-	460,000
2004	2003	2,200,000	-	600,000

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

Excludes TIF debt.

SOURCE OF INFORMATION: 2004-2013 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
-	\$ 96,966,478	0.00	228	-
-	100,856,281	0.00	223	-
-	118,411,446	0.00	228	-
-	130,338,743	0.00	236	-
-	152,251,025	0.00	249	-
-	145,503,494	0.00	249	-
410,000	137,167,003	0.30	249	1,647
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

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
2013	\$ 13,681,827	\$ 3,627,284	26.51%
2012	15,256,323	960,791	6.30%
2011	9,632,779	1,601,919	16.63%
2010	7,890,110	1,890,553	23.96%
2009	24,268,697	231,159	0.95%
2008	8,745,537	459,720	5.26%
2007	5,524,209	465,263	8.42%
2006	4,985,941	464,354	9.31%
2005	4,617,249	478,432	10.36%
2004	4,950,828	106,206	2.15%

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

SOURCE OF INFORMATION: 2003-2012 Annual Financial Statements.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JUNE 16, 2008 DECEMBER 31, 2013

GENERAL OBLIGATION BONDS - BUSINESS-TYPE PORTION

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2009	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -
2010	170,000	170,000	-	-	-
2011	200,000	200,000	-	-	-
2012	235,000	235,000	-	-	-
2013	275,000	275,000	-	-	-
2014	315,000	-	315,000	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>\$ 1,030,000</u>	<u>\$ 14,000,000</u>	<u>\$ 7,956,390</u>	<u>\$ 21,956,390</u>

Paying agent: Village through Depository Trust Company

Principal payment date: December 1

Interest payment dates: December 1 and June 1

Interest rates: 4.00-5.00%

Original amount of issue: \$ 15,030,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JUNE 30, 2009 DECEMBER 31, 2013

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	\$ 1,095,000	\$ 1,095,000	\$ -	\$ -	\$ -
2011	735,000	735,000	-	-	-
2012	390,000	390,000	-	-	-
2013	2,355,000	2,355,000	-	-	-
2014	840,000	-	840,000	466,279	1,306,279
2015	875,000	-	875,000	438,937	1,313,937
2016	915,000	-	915,000	410,456	1,325,456
2017	960,000	-	960,000	380,672	1,340,672
2018	1,000,000	-	1,000,000	349,424	1,349,424
2019	1,045,000	-	1,045,000	316,874	1,361,874
2020	1,095,000	-	1,095,000	282,860	1,377,860
2021	1,140,000	-	1,140,000	247,217	1,387,217
2022	1,195,000	-	1,195,000	210,110	1,405,110
2023	1,245,000	-	1,245,000	171,213	1,416,213
2024	1,305,000	-	1,305,000	130,688	1,435,688
2025	1,360,000	-	1,360,000	88,211	1,448,211
2026	1,350,000	-	1,350,000	43,943	1,393,943
2027	-	-	-	-	-
Total	<u>\$ 18,900,000</u>	<u>\$ 4,575,000</u>	<u>\$ 14,325,000</u>	<u>\$ 3,536,884</u>	<u>\$ 17,861,884</u>

Paying agent: Village with direct pay to the Northern Trust Company

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, 2013

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	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
2011	189,566	189,566	-	-	-
2012	100,000	100,000	-	-	-
2013	160,000	160,000	-	-	-
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	<u>750,434</u>	<u>-</u>	<u>750,434</u>	<u>60,667</u>	<u>811,101</u>
Total	<u>\$ 1,300,000</u>	<u>\$ 549,566</u>	<u>\$ 750,434</u>	<u>\$ 1,601,167</u>	<u>\$ 2,351,601</u>

Paying agent: Village with direct pay to the FDIC

Principal payment date: July 1

Interest payment dates: December 31

Interest rates: 7.50-8.00%

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

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JUNE 30, 2012 DECEMBER 31, 2013

TAX INCREMENT FINANCING BONDS - 1ST AVENUE TIF 2012 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2012	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-
2014	-	-	-	249,000	249,000
2015	100,000	-	100,000	249,000	349,000
2016	300,000	-	300,000	246,510	546,510
2017	550,000	-	550,000	239,040	789,040
2018	600,000	-	600,000	225,345	825,345
2019	650,000	-	650,000	210,405	860,405
2020	700,000	-	700,000	194,220	894,220
2021	750,000	-	750,000	176,790	926,790
2022	800,000	-	800,000	158,115	958,115
2023	850,000	-	850,000	138,195	988,195
2024	900,000	-	900,000	117,030	1,017,030
2025	1,000,000	-	1,000,000	94,620	1,094,620
2026	1,100,000	-	1,100,000	69,720	1,169,720
2027	1,700,000	-	1,700,000	42,330	1,742,330
Total	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 2,410,320</u>	<u>\$ 12,410,320</u>

Paying agent: Village with direct pay to BMO Harris

Principal payment date: December 1

Interest payment dates: 15th of every Month

Interest rates: Variable

Original amount of issue: \$ 10,000,000

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED DECEMBER 23, 2013 DECEMBER 31, 2013

TAX INCREMENT FINANCING BONDS - 1ST AVENUE TIF 2013 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2013	\$ -	\$ -	\$ -	\$ -	\$ -
2014	245,000	-	245,000	74,700	319,700
2015	250,000	-	250,000	68,600	318,600
2016	260,000	-	260,000	62,375	322,375
2017	275,000	-	275,000	55,901	330,901
2018	290,000	-	290,000	49,053	339,053
2019	305,000	-	305,000	41,832	346,832
2020	320,000	-	320,000	34,238	354,238
2021	335,000	-	335,000	26,270	361,270
2022	350,000	-	350,000	17,928	367,928
2023	370,000	-	370,000	9,213	379,213
Total	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 440,110</u>	<u>\$ 3,440,110</u>

Paying agent: Village with direct pay to Standard Bank

Principal payment date: June 1 and December 1

Interest payment dates: 1st of every Month

Interest rates: Variable

Original amount of issue: \$ 3,000,000



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INDEPENDENT AUDITORS' COMPLIANCE REPORT

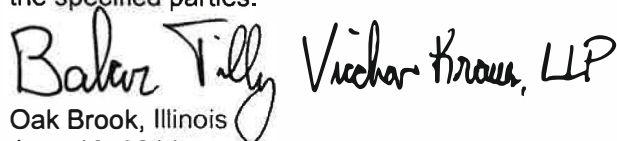
To the Mayor and Board of Trustees
Village of McCook
McCook, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of McCook, as of and for the year ended December 31, 2013, and have issued our report thereon dated June 19, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance with laws, regulations, and contracts applicable to the Village of McCook is the responsibility of the Village of McCook's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatements, we performed tests of the Village of McCook's compliance with provisions in Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance.

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


Oak Brook, Illinois
June 19, 2014