

VILLAGE OF MCCOOK

McCook, Illinois

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the Village of McCook's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Mayor and Board of Trustees
Village of McCook

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2014 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, 2014 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, 2014 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, 2013 (not presented herein), and have issued our report thereon dated June 19, 2014, 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, 2013 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 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 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, 2013.

Other Information

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

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

Oak Brook, Illinois
August 21, 2015

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014 (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, 2014. The management of the village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > The liabilities and deferred inflows of the village exceeded its assets and deferred outflows at the close of the most recent fiscal year for a net position deficit of \$9,586,170. Of this amount, the village has a deficit of \$27,907,198 in unrestricted net position.
- > In total, net position increased by \$1,506,342. This represents a 12% increase from 2013 and is related to the continued investment in capital assets
- > At the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$2,777,617, an increase of \$65,201 in comparison with the prior year.
- > General revenues accounted for \$8,744,760 in revenue or 87% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$1,494,211 or 13% of total governmental revenues of \$10,238,971.
- > The village had \$9,291,513 in expenses related to government activities. However, only \$1,494,211 of these expenses were offset by program specific charges and grants.

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

(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

December 31, 2014

(Unaudited)

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to basic financial statements

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

Other information

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014 (Unaudited)

Government-Wide Financial Analysis

Table 1 Condensed Statements of Net Position (in actual dollars)			
	<i>Governmental Activities</i>		
	2014	2013	Change
Assets/Deferred Outflows			
Current and other assets/deferred outflows	\$ 9,974,724	\$ 9,450,980	5.5%
Capital assets	<u>2,098,674</u>	<u>2,217,983</u>	(5.4)%
Total assets/deferred outflows	<u>12,073,398</u>	<u>11,668,963</u>	3.5%
Liabilities/Deferred Inflows			
Long-term liabilities	31,467,160	32,629,475	(3.6)%
Other liabilities/deferred inflows	<u>6,999,074</u>	<u>6,757,500</u>	3.6%
Total liabilities/deferred inflows	<u>38,466,234</u>	<u>39,386,975</u>	(2.3)%
Net position			
Net investment in capital assets	2,098,674	2,217,983	(5.4)%
Restricted	356,879	547,491	(34.8)%
Unrestricted	<u>(28,848,389)</u>	<u>(30,483,486)</u>	(5.4)%
Total net position	<u>\$ (26,392,836)</u>	<u>\$ (27,718,012)</u>	(4.8)%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014 (Unaudited)

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

	<u>Business-Type Activities</u>				<u>Total</u>	
	2014	2013	Change	2014	2013	Change
Assets/Deferred Outflows						
Current and other assets	\$ 5,283,182	\$ 5,224,938	1.1%	\$ 15,257,906	\$ 14,675,918	4.0%
Capital assets	<u>26,991,836</u>	<u>27,355,350</u>	(1.3)%	<u>29,090,510</u>	<u>29,573,333</u>	-1.6%
Total assets/deferred outflows	<u>32,275,018</u>	<u>32,580,288</u>	(0.9)%	<u>44,348,416</u>	<u>44,249,251</u>	0.2%
Liabilities/Deferred Inflows						
Long-term liabilities	14,608,784	14,826,855	(1.5)%	46,075,944	47,456,330	(2.9)%
Other liabilities	<u>859,568</u>	<u>1,127,933</u>	(23.8)%	<u>7,858,642</u>	<u>7,885,433</u>	(0.3)%
Total liabilities/deferred inflows	<u>15,468,352</u>	<u>15,954,788</u>	(2.5)%	<u>53,934,586</u>	<u>55,341,763</u>	(2.5)%
Net position						
Net investment in capital assets	15,865,475	15,971,207	(0.7)%	17,964,149	18,189,190	(1.2)%
Restricted	-	-		356,879	547,491	(34.8)%
Unrestricted	<u>941,191</u>	<u>654,293</u>	43.8%	<u>(27,907,198)</u>	<u>(29,829,193)</u>	(6.4)%
Total net position	<u>\$ 16,806,666</u>	<u>\$ 16,625,500</u>	1.1%	<u>\$ (9,586,170)</u>	<u>\$ (11,092,512)</u>	(13.6)%

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.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

(Unaudited)

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

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the village, total net position increased by \$1,506,342 decreasing its prior year's deficit of \$11,092,512 to a deficit of \$9,586,170. The village's total assets/deferred outflows equal \$44,348,416. The village's total liabilities/ deferred inflows equal \$53,934,586.

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 \$26,472,000 as of the end of the fiscal year. These bonds did not produce a capital asset that is owned by the village, and even though the debt is payable from the incremental taxes generated by the TIF, the bonds are, nonetheless, required to be reported as a liability of the village.

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 \$27,907,198.

Table 2
Condensed Statements of Activities
(in actual dollars)

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Revenues			
Charges for services	\$ 1,078,602	\$ 937,054	15.1%
Operating grants and contributions	415,609	329,951	26.0%
Taxes	8,538,332	7,364,283	15.9%
Other general revenues	<u>206,428</u>	<u>515,463</u>	(60.0)%
Total revenues	<u>10,238,971</u>	<u>9,146,751</u>	11.9%
Expenses			
General government	2,926,594	3,070,744	-4.7%
Public safety	4,586,882	4,662,071	-1.6%
Public works	819,142	506,983	61.6%
Community development	114,974	538,221	-78.6%
Interest on long term debt	<u>843,921</u>	<u>834,768</u>	1.1%
Total expenses	<u>9,291,513</u>	<u>9,612,787</u>	-3.3%
Transfers and contributions	<u>377,718</u>	<u>(959,181)</u>	-139.4%
Change in net position	1,325,176	(1,425,217)	(193.0)%
Net position, beginning of year	<u>(27,718,012)</u>	<u>(26,292,795)</u>	5.4%
Net position, end of year	<u>\$ (26,392,836)</u>	<u>\$ (27,718,012)</u>	(4.8)%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014 (Unaudited)

Table 2
Condensed Statements of Activities
(in actual dollars)

	<u>Business-Type Activities</u>				<u>Total</u>	
	2014	2013	Change	2014	2013	Change
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 10,019,203	\$ 9,122,347	9.8%	\$ 11,097,805	\$ 10,059,401	10.3%
Operating grants and contributions	-	-		415,609	329,951	26.0%
<i>General revenues</i>						
Other taxes	-	-		8,538,332	7,364,283	15.9%
Other general revenues	887	1,178	(24.7)%	207,315	516,641	-59.9%
Total revenues	<u>10,020,090</u>	<u>9,123,525</u>	9.8%	<u>20,259,061</u>	<u>18,270,276</u>	10.9%
Expenses						
General government	-	-		2,926,594	3,070,744	-4.7%
Public safety	-	-		4,586,882	4,662,071	-1.6%
Public works	-	-		819,142	506,983	61.6%
TIF economic development	-	-	-%	114,974	538,221	-78.6%
Interest on long term debt - GA	-	-		843,921	834,768	1.1%
Water	7,211,329	6,614,338	9.0%	7,211,329	6,614,338	9.0%
Athletics and exposition	2,247,677	2,317,070	(3.0)%	2,247,677	2,317,070	(3.0)%
Sewer	<u>2,200</u>	<u>2,498</u>	-11.9%	<u>2,200</u>	<u>2,498</u>	-11.9%
Total expenses	<u>9,461,206</u>	<u>8,933,906</u>	5.9%	<u>18,752,719</u>	<u>18,546,693</u>	1.1%
Transfers/contributions	<u>(377,718)</u>	<u>959,181</u>	(139.4)%	-	-	
Change in net position	181,166	1,148,800	(84.2)%	1,506,342	(276,417)	(645.0)%
Net position, beginning of year (as restated)	<u>16,625,500</u>	<u>15,476,700</u>	7.4%	<u>(11,092,512)</u>	<u>(10,816,095)</u>	2.6%
Net position end of year	<u>\$ 16,806,666</u>	<u>\$ 16,625,500</u>	1.1%	<u>\$ (9,586,170)</u>	<u>\$ (11,092,512)</u>	(13.6)%

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.).

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

(Unaudited)

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

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

Expenses

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

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

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

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

Current Year Impacts

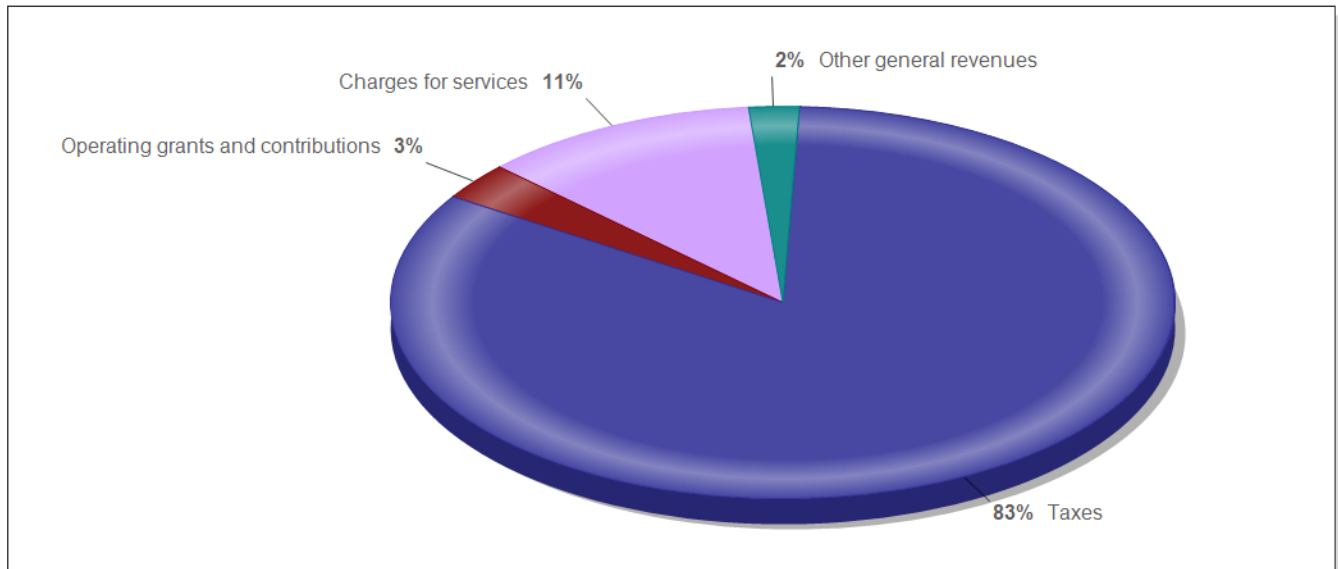
The Governmental Activities experienced an increase in revenue due to an increase in property taxes. As a result, the net position deficit decreased to \$26,392,836 as compared to a deficit of \$27,718,012 in the prior fiscal year.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014 (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.

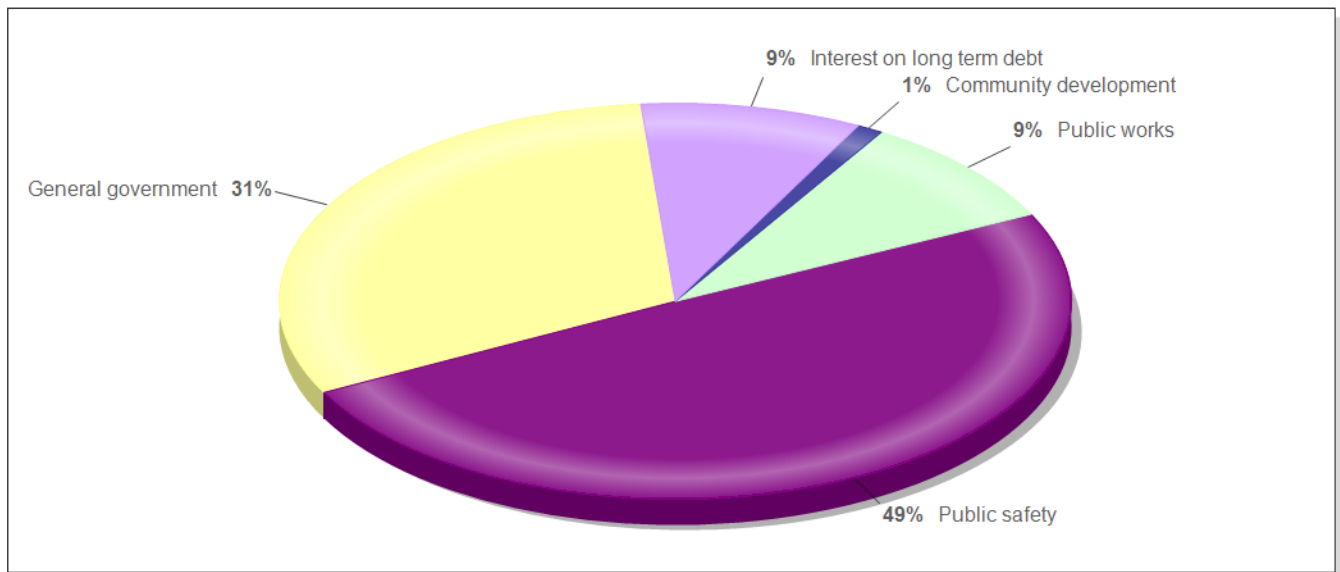
2014 is the seventh year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected approximately \$2.6 million within the TIF District during the year. This represents consistent collections with the prior year. The village also began collecting property taxes for the Joliet Road TIF in 2009, making 2014 the fifth year with collections from the TIF. 2014 collections totaled approximately \$0.2 million.

The business-type activity of the Village of McCook includes the Water Department, Sewer Department and McCook Athletic and Exposition Center (Max). The Water Department serves the Village of McCook residents and businesses, along with providing water to the Villages of Hodgkins, Riverside, Indian Head Park, Countryside and LaGrange. Pricing for water is based on a schedule set by the village and reflects increases as passed along from the village's supplier, the City of Chicago. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The City of Chicago has annually adjusted rates and this adjustment is passed along to village customers. The operating revenues of the Water Department increased by about \$0.7 million as a result of an increase in water rates. The operating revenues of the Max were approximately \$1.8 million in 2014, which is similar to 2013.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014 (Unaudited)

Governmental Expenses by Function



Expenses

Expenses for 2014 were \$9.2 million for governmental activities, which is \$0.3 million less than prior year. This is primarily due to a decrease in community development spending as planned projects funded by the TIF funds were completed.

The expenses for business-type activities increased approximately \$600,000 due to the annual 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 \$2,777,617 which is an increase of \$65,201 from fiscal year 2013. 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.

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 2014 by approximately \$700,000 from the prior year. This resulted from increased water rates. The operating income for the Water Fund for fiscal 2014 was \$746,535 before consideration of non-operating revenues and expenses and transfers.

The Max Fund operated at a deficit in 2014, but total net position increased by \$259,958 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 \$7,274,013. The net position of all proprietary funds at the end of fiscal 2014 equaled \$16,806,666, of which \$941,191 is unrestricted. Transfers to the General Fund from the Water Fund totaled \$1,044,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014
(Unaudited)

The original budget was not amended during the year. The actual revenues were less than projected total revenues in the General Fund by approximately \$133,000 for the year ended December 31, 2014.

Capital Assets and Debt Administration

By the end of 2014, the village had compiled a total investment of \$44,007,037 (\$29,090,510 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.

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VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

(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 \$26,472,000 in TIF bonds, \$397,743 for vested compensated absences, \$1,200,034 of net pension obligation, and a \$3,383,466 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 \$31,453,243 at December 31, 2014.

The village's business-type activities debt includes \$13,632,643 of general obligation debt, \$118,094 in vested compensated absences, and a \$858,047 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 2015 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, 2014

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 1,731,282	\$ 4,045,051	\$ 5,776,333
Investments	253,024	400,714	653,738
Receivables (net)			
Real estate taxes	6,295,296	-	6,295,296
Fees receivable	-	749,965	749,965
Other	69,864	-	69,864
Due from other governments	458,834	-	458,834
Prepaid items	-	26,131	26,131
Internal balances	(61,321)	61,321	-
Restricted cash and investments	790,158	-	790,158
Capital Assets (net of accumulated depreciation)			
Land	168,488	2,142,625	2,311,113
Land improvements	2,844	1,347,529	1,350,373
Buildings and building improvements	673,297	17,943,638	18,616,935
Machinery and equipment	544,329	698,769	1,243,098
Infrastructure	228,161	4,811,477	5,039,638
Vehicles	481,555	47,798	529,353
Total Assets	<u>11,635,811</u>	<u>32,275,018</u>	<u>43,910,829</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow on interest rate swap	<u>437,587</u>	-	<u>437,587</u>
Total Deferred Outflows of Resources	<u>437,587</u>	-	<u>437,587</u>
LIABILITIES			
Accounts payable	271,752	552,787	824,539
Accrued salaries	146,594	37,560	184,154
Unearned revenue	13,917	211,734	225,651
Payroll liabilities	16,334	-	16,334
Accrued interest payable	-	57,487	57,487
Derivative Liability	437,587	-	437,587
Noncurrent Liabilities			
Due within one year	1,516,471	402,160	1,918,631
Due in more than one year	<u>29,936,772</u>	<u>14,206,624</u>	<u>44,143,396</u>
Total Liabilities	<u>32,339,427</u>	<u>15,468,352</u>	<u>47,807,779</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for receipt in future periods	<u>6,126,807</u>	-	<u>6,126,807</u>
Total Deferred Inflows of Resources	<u>6,126,807</u>	-	<u>6,126,807</u>
NET POSITION			
Net investment in capital assets	2,098,674	15,865,475	17,964,149
Restricted for			
Highways and streets	36,030	-	36,030
Public safety	87,506	-	87,506
Community development	31,698	-	31,698
Debt service	201,645	-	201,645
Unrestricted (deficit)	<u>(28,848,389)</u>	<u>941,191</u>	<u>(27,907,198)</u>
TOTAL NET POSITION	<u><u>\$ (26,392,836)</u></u>	<u><u>\$ 16,806,666</u></u>	<u><u>\$ (9,586,170)</u></u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 2,926,594	\$ 740,122	\$ -
Public safety	4,586,882	338,480	120,225
Public works	819,142	-	295,384
Community development	114,974	-	-
Interest on long term debt	843,921	-	-
Total Governmental Activities	<u>9,291,513</u>	<u>1,078,602</u>	<u>415,609</u>
Business-type Activities			
Water	7,211,329	7,957,864	-
Sewer	2,200	220,873	-
Athletics and exposition	<u>2,247,677</u>	<u>1,840,466</u>	<u>-</u>
Total Business-type Activities	<u>9,461,206</u>	<u>10,019,203</u>	<u>-</u>
 Total	 <u>\$ 18,752,719</u>	 <u>\$ 11,097,805</u>	 <u>\$ 415,609</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

Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,186,472)	\$ -	\$ (2,186,472)
(4,128,177)	-	(4,128,177)
(523,758)	-	(523,758)
(114,974)	-	(114,974)
<u>(843,921)</u>	<u>-</u>	<u>(843,921)</u>
<u>(7,797,302)</u>	<u>-</u>	<u>(7,797,302)</u>
-	746,535	746,535
-	218,673	218,673
<u>-</u>	<u>(407,211)</u>	<u>(407,211)</u>
<u>-</u>	<u>557,997</u>	<u>557,997</u>
<u>(7,797,302)</u>	<u>557,997</u>	<u>(7,239,305)</u>
5,690,159	-	5,690,159
578,102	-	578,102
16,086	-	16,086
1,409,210	-	1,409,210
126,412	-	126,412
376,510	-	376,510
47,999	-	47,999
40,000	-	40,000
150,842	-	150,842
11,194	-	11,194
91,818	-	91,818
13,314	887	14,201
29,848	-	29,848
163,266	-	163,266
<u>377,718</u>	<u>(377,718)</u>	<u>-</u>
<u>9,122,478</u>	<u>(376,831)</u>	<u>8,745,647</u>
1,325,176	181,166	1,506,342
<u>(27,718,012)</u>	<u>16,625,500</u>	<u>(11,092,512)</u>
<u>\$ (26,392,836)</u>	<u>\$ 16,806,666</u>	<u>\$ (9,586,170)</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2014

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 879,580	\$ 305,526	\$ 546,176	\$ 1,731,282
Investments	253,024	-	-	253,024
Receivables (net)				
Real estate taxes	2,568,302	2,522,520	1,035,985	6,126,807
Other	69,864	-	168,489	238,353
Restricted cash and investments	40,158	750,000	-	790,158
Due from other governments	458,834	-	-	458,834
Due from other funds	692,881	-	-	692,881
TOTAL ASSETS	<u>\$ 4,962,643</u>	<u>\$ 3,578,046</u>	<u>\$ 1,750,650</u>	<u>\$ 10,291,339</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 137,991	\$ 28,119	\$ 105,642	\$ 271,752
Accrued salaries	146,594	-	-	146,594
Payroll liabilities	16,334	-	-	16,334
Unearned revenue	13,917	-	-	13,917
Due to other funds	-	461,900	292,302	754,202
Total Liabilities	<u>314,836</u>	<u>490,019</u>	<u>397,944</u>	<u>1,202,799</u>
Deferred Inflows of Resources				
Property taxes levied for receipt in future periods	2,568,302	2,522,520	1,035,985	6,126,807
Unavailable local revenue	184,116	-	-	184,116
Total Deferred Inflows of Resources	<u>2,752,418</u>	<u>2,522,520</u>	<u>1,035,985</u>	<u>6,310,923</u>
Fund Balances				
Restricted for public safety	40,158	-	47,348	87,506
Restricted for community development	-	-	31,698	31,698
Restricted for highways and streets	-	-	36,030	36,030
Restricted for debt service purposes	-	750,000	201,645	951,645
Unassigned (deficit)	1,855,231	(184,493)	-	1,670,738
Total Fund Balances	<u>1,895,389</u>	<u>565,507</u>	<u>316,721</u>	<u>2,777,617</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,962,643</u>	<u>\$ 3,578,046</u>	<u>\$ 1,750,650</u>	<u>\$ 10,291,339</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, 2014

Total Fund Balances - Governmental Funds	\$ 2,777,617
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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.	2,098,674
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Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	184,116
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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	(26,472,000)
Compensated absences	(397,743)
Net pension obligation	(1,200,034)
Net OPEB obligation	<u>(3,383,466)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (26,392,836)</u></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, 2014

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 4,848,892	\$ 2,574,519	\$ 930,805	\$ 8,354,216
Intergovernmental	120,225	-	295,384	415,609
Licenses, permits and fees	810,925	-	39,179	850,104
Fines and police reports	233,332	-	-	233,332
Investment income	1,556	11,728	30	13,314
Miscellaneous	121,178	65,999	1,103	188,280
Total Revenues	<u>6,136,108</u>	<u>2,652,246</u>	<u>1,266,501</u>	<u>10,054,855</u>
EXPENDITURES				
Current				
General government	2,813,328	-	-	2,813,328
Public safety	4,296,431	-	5,231	4,301,662
Public works	382,201	-	20,086	402,287
TIF economic development	-	37,017	16,697	53,714
Repairs and maintenance	-	-	266,729	266,729
Debt Service				
Principal retirement	-	1,230,000	1,133,434	2,363,434
Interest and other	-	723,785	129,506	853,291
Capital Outlay	257,586	70,826	-	328,412
Total Expenditures	<u>7,749,546</u>	<u>2,061,628</u>	<u>1,571,683</u>	<u>11,382,857</u>
Excess (deficiency) of revenues over expenditures	<u>(1,613,438)</u>	<u>590,618</u>	<u>(305,182)</u>	<u>(1,328,002)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,054,790	-	-	2,054,790
Transfers out	(410,797)	(603,377)	(407,413)	(1,421,587)
Bond proceeds	-	-	760,000	760,000
Total Other Financing Sources (Uses)	<u>1,643,993</u>	<u>(603,377)</u>	<u>352,587</u>	<u>1,393,203</u>
Net Change in Fund Balances	30,555	(12,759)	47,405	65,201
FUND BALANCES - Beginning of Year	<u>1,864,834</u>	<u>578,266</u>	<u>269,316</u>	<u>2,712,416</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,895,389</u>	<u>\$ 565,507</u>	<u>\$ 316,721</u>	<u>\$ 2,777,617</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, 2014

Net change in fund balances - total governmental funds	\$	65,201
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		160,426
Depreciation is reported in the government-wide financial statements		(254,817)
Net book value of assets retired		(24,918)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		184,116
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		(760,000)
Principal repaid		2,363,434
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		34,338
Net OPEB obligation		(557,537)
Net Pension Obligation		95,997
Accrued interest		<u>18,936</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,325,176</u>

VILLAGE OF MCCOOK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,826,631	\$ 676,752	\$ 541,668	\$ 4,045,051
Investments	300,714	-	100,000	400,714
Receivables				
Accounts	645,342	53,932	50,691	749,965
Due from other funds	61,321	-	-	61,321
Prepaid items	26,131	-	-	26,131
Total Current Assets	<u>3,860,139</u>	<u>730,684</u>	<u>692,359</u>	<u>5,283,182</u>
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Land	-	2,142,625	-	2,142,625
Land improvements	-	1,347,529	-	1,347,529
Vehicles	24,292	23,506	-	47,798
Machinery and equipment	14,093	684,676	-	698,769
Infrastructure	4,811,477	-	-	4,811,477
Buildings and improvements	1,282,010	16,661,628	-	17,943,638
Total Noncurrent Assets	<u>6,131,872</u>	<u>20,859,964</u>	<u>-</u>	<u>26,991,836</u>
Total Assets	<u>9,992,011</u>	<u>21,590,648</u>	<u>692,359</u>	<u>32,275,018</u>
LIABILITIES				
Current Liabilities				
Accounts payable	515,145	15,459	22,183	552,787
Accrued salaries	17,684	19,876	-	37,560
Unearned revenue	-	211,734	-	211,734
Accrued interest	-	57,487	-	57,487
Total Current Liabilities	<u>532,829</u>	<u>304,556</u>	<u>22,183</u>	<u>859,568</u>
Noncurrent Liabilities				
Long-Term Debt				
Due within one year	37,275	364,885	-	402,160
Due in more than one year	559,430	13,647,194	-	14,206,624
Total Liabilities	<u>1,129,534</u>	<u>14,316,635</u>	<u>22,183</u>	<u>15,468,352</u>
DEFERRED INFLOWS OF RESOURCES				
NET POSITION				
Net investment in capital assets	6,131,872	9,733,603	-	15,865,475
Unrestricted	<u>2,730,605</u>	<u>(2,459,590)</u>	<u>670,176</u>	<u>941,191</u>
TOTAL NET POSITION	<u>\$ 8,862,477</u>	<u>\$ 7,274,013</u>	<u>\$ 670,176</u>	<u>\$ 16,806,666</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

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

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
OPERATING REVENUES				
Water charges	\$ 7,922,817	\$ -	\$ -	\$ 7,922,817
Late charges	11,047	-	-	11,047
Sewer charges	-	-	220,873	220,873
Tap fees	24,000	-	-	24,000
Rentals and sales	-	1,840,466	-	1,840,466
Total Operating Revenues	<u>7,957,864</u>	<u>1,840,466</u>	<u>220,873</u>	<u>10,019,203</u>
OPERATING EXPENSES				
Personnel services	493,761	508,241	-	1,002,002
Contractual services	6,196,572	391,250	2,200	6,590,022
Supplies	45,307	81,278	-	126,585
Repairs and maintenance	32,001	24,826	-	56,827
Electricity	206,881	116,965	-	323,846
Depreciation	236,380	405,890	-	642,270
Other charges	427	12,759	-	13,186
Total Operating Expenses	<u>7,211,329</u>	<u>1,541,209</u>	<u>2,200</u>	<u>8,754,738</u>
Operating Income (Loss)	<u>746,535</u>	<u>299,257</u>	<u>218,673</u>	<u>1,264,465</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	887	-	887
Bond interest expense	-	(706,468)	-	(706,468)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(705,581)</u>	<u>-</u>	<u>(705,581)</u>
Income (Loss) Before Contributions and Transfers	<u>746,535</u>	<u>(406,324)</u>	<u>218,673</u>	<u>558,884</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	255,485	-	255,485
Transfers in	-	410,797	-	410,797
Transfers out	(1,044,000)	-	-	(1,044,000)
Total Contributions and Transfers	<u>(1,044,000)</u>	<u>666,282</u>	<u>-</u>	<u>(377,718)</u>
Change in Net Position	<u>(297,465)</u>	<u>259,958</u>	<u>218,673</u>	<u>181,166</u>
NET POSITION - Beginning of Year	<u>9,159,942</u>	<u>7,014,055</u>	<u>451,503</u>	<u>16,625,500</u>
NET POSITION - END OF YEAR	<u>\$ 8,862,477</u>	<u>\$ 7,274,013</u>	<u>\$ 670,176</u>	<u>\$ 16,806,666</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water	Max	Nonmajor Enterprise Fund - Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 7,848,904	\$ 1,734,251	\$ 193,405	\$ 9,776,560
Paid to suppliers for goods and services	(6,751,196)	(653,709)	(2,200)	(7,407,105)
Paid to employees for services	(415,857)	(488,686)	-	(904,543)
Net Cash Flows From Operating Activities	<u>681,851</u>	<u>591,856</u>	<u>191,205</u>	<u>1,464,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	-	887	-	887
Net Cash Flows From Investing Activities	<u>-</u>	<u>887</u>	<u>-</u>	<u>887</u>
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Transfers - in from (out to) other funds	(1,044,000)	410,797	-	(633,203)
Interfund borrowing / (lending)	-	(19,705)	-	(19,705)
Net Cash Flows From (Used By) Noncapital Financing Activities	<u>(1,044,000)</u>	<u>391,092</u>	<u>-</u>	<u>(652,908)</u>
CASH FLOWS (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(315,000)	-	(315,000)
Interest paid	-	(702,445)	-	(702,445)
Acquisition and construction of capital assets	-	(23,271)	-	(23,271)
Net Cash Flows (Used By) Capital and Related Financing Activities	<u>-</u>	<u>(1,040,716)</u>	<u>-</u>	<u>(1,040,716)</u>
Net Change in Cash and Cash Equivalents	(362,149)	(56,881)	191,205	(227,825)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,188,780</u>	<u>733,633</u>	<u>350,463</u>	<u>4,272,876</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,826,631</u>	<u>\$ 676,752</u>	<u>\$ 541,668</u>	<u>\$ 4,045,051</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

	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	\$ 746,535	\$ 299,257	\$ 218,673	\$ 1,264,465
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) in accounts receivable	(108,960)	(46,432)	(49,651)	(205,043)
(Decrease) increase in accounts payable	(208,687)	(26,631)	22,183	(213,135)
Increase in accrued salaries	844	4,759	-	5,603
Increase (decrease) in compensated absences	6,570	(1,381)	-	5,189
Increase in net OPEB obligation	70,490	16,177	-	86,667
(Decrease) in unearned revenue	-	(59,783)	-	(59,783)
Increase in due from other funds	(61,321)	-	-	(61,321)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 681,851</u></u>	<u><u>\$ 591,856</u></u>	<u><u>\$ 191,205</u></u>	<u><u>\$ 1,464,912</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contribution	<u><u>\$ -</u></u>	<u><u>\$ 255,485</u></u>	<u><u>\$ -</u></u>	

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2014

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 638,911
Investments - certificates of deposits with banks	197,833
Investments - other, at fair value	8,156,443
Interest receivable	<u>7,791</u>
Total Assets	<u>9,000,978</u>
 NET POSITION	
Held in trust for pension benefits	<u>\$ 9,000,978</u>

VILLAGE OF MCCOOK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2014

	<u>Pension Trusts</u>
ADDITIONS	
Employer contributions	\$ 715,000
Employee contributions	<u>152,805</u>
Total	<u>867,805</u>
Investment income:	
Mutual Funds	318,828
Net appreciation in fair value of investments	31,418
Government securities	27,142
Insurance contracts	24,754
Bank deposits	<u>1,228</u>
Total Investment Income	403,370
Less Investment management fees	<u>(42,556)</u>
Net Investment Income	<u>360,814</u>
Total Additions	<u>1,228,619</u>
DEDUCTIONS	
Payments to participants	604,079
Payments to beneficiaries	203,216
Administrative	<u>33,970</u>
Total Deductions	<u>841,265</u>
Change in Net Position	387,354
NET POSITION - Beginning of Year	<u>8,613,624</u>
NET POSITION - END OF YEAR	<u>\$ 9,000,978</u>

VILLAGE OF MCCOOK

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VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014

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

A. REPORTING ENTITY (cont.)

Blended Component Unit

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

Pension Trusts

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

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

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

The village reports the following major governmental funds:

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

The village reports the following major enterprise funds:

- Water Utility - accounts for operations of the water 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, 2014

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 debt service or capital projects).

Motor Fuel Tax Fund
Joliet Road TIF Fund

911 E.T.S. Fund
IDCEO Grant Fund

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

Debt Service Fund

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

Police Pension Fund
Firefighters' Pension Fund

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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 deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

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

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

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

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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 assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

Credit Risk

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

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, 2014

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 III. A. for further information.

2. Receivables

Property taxes for levy year 2014 attaches as an enforceable lien on January 1, 2014, 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 2014 tax levy, which attached as an enforceable lien on the property as of January 1, 2014, has been recorded as a receivable as of December 31, 2014.

Tax bills for levy year 2014 are prepared by the Cook County Collector and are payable in two installments, due on or about March 1, 2015 and August 1, 2015 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, 2014

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 2014 property tax levy is recognized as a receivable and deferred inflow in fiscal 2014, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2014, the property taxes receivable and deferred inflow consisted of the estimated amount collectible from the 2014 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent (\$125,037) of outstanding property taxes at December 31, 2014.

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

3. Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

5. Capital Assets (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.

6. Deferred Outflows of Resources

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

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.

7. Compensated Absences

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

7. Compensated Absences (cont.)

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

8. Long-Term Obligations

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

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

9. Deferred Inflows of Resources

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Board may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER BUDGET

Budgeted expenditures in the Joliet Road TIF fund were \$627,500. Total expenditures were \$947,448. This results in excess expenditures of \$319,948. The overage is related to the current refunding of previously issued debt that was not budgeted.

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 4,738,336	\$ 4,765,851	Custodial credit risk - deposits
US agencies	5,707	5,707	Custodial credit risk - investments; Interest rate risk
Mutual funds	4,405,973	4,405,973	N/A
Illinois Funds	2,712,430	2,712,430	Credit risk
Insurance contracts	3,214,222	3,214,222	Concentration of credit risk; Credit risk
FFI Premier Institutional Money Market Fund	601,513	601,513	Credit risk
State and local obligations	530,540	530,540	Custodial credit risk - investments; Credit risk; Interest rate risk; Concentration of credit risk
Petty cash	4,695	4,695	N/A
Total Deposits and Investments	<u>\$ 16,213,416</u>	<u>\$ 16,240,931</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash	\$ 5,776,333		
Restricted cash and investments	790,158		
Investments	653,738		
Per statement of net position - fiduciary funds			
Cash and cash equivalents	638,911		
Investments	197,833		
Investments - other	<u>8,156,443</u>		
Total Deposits and Investments	<u>\$ 16,213,416</u>		

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - 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, 2014, \$690,152 of the village's total bank balances were exposed to custodial credit risk as follows:

Primary government uninsured and uncollateralized	\$ <u>690,152</u>
Total	\$ <u><u>690,152</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, 2014, 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, 2014

NOTE III - 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 43% of the pension's net position. The firefighters' pension investment policy does not specifically address these risks.

At December 31, 2014, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Jackson National Life Insurance	General contract	36.37%
Lincoln Benefit	General contract	1.51%
State of Illinois	Government bonds	5.60%

Interest Rate Risk

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

As of December 31, 2014, the village's investments were as follows:

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	\$ 530,540	\$ 40,518	\$ 434,831	\$ -	\$ 55,191
US Agencies - GNMA	5,707	-	-	2,543	3,164
Totals	<u>\$ 536,247</u>	<u>\$ 40,518</u>	<u>\$ 434,831</u>	<u>\$ 2,543</u>	<u>\$ 58,355</u>

Derivatives

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

B. RECEIVABLES

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. RECEIVABLES (cont.)

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 6,126,807	\$ -
Local revenue received after availability period	-	184,116
Unearned telecommunication fees	<u>13,917</u>	<u>-</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u><u>\$ 6,140,724</u></u>	 <u><u>\$ 184,116</u></u>
 Unearned revenue included in liabilities	 \$ 13,917	
Unearned revenue included in deferred inflows	<u>6,126,807</u>	
 Total Unearned Revenue for Governmental Funds	 <u><u>\$ 6,140,724</u></u>	

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

	<u>Unearned</u>
Unearned rental income	<u>\$ 211,734</u>
 Total Unearned Revenue for Proprietary Funds	 <u><u>\$ 211,734</u></u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

State and Federal Forfeiture

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

C. RESTRICTED ASSETS (cont.)

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.

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 168,488	\$ -	\$ -	\$ 168,488
Total Capital Assets Not Being Depreciated	<u>168,488</u>	<u>-</u>	<u>-</u>	<u>168,488</u>
Capital assets being depreciated				
Land improvements	91,950	-	-	91,950
Buildings	1,191,560	-	-	1,191,560
Machinery and equipment	1,385,253	56,206	-	1,441,459
Infrastructure	3,091,607	-	-	3,091,607
Vehicles	<u>1,729,912</u>	<u>104,220</u>	<u>171,092</u>	<u>1,663,040</u>
Total Capital Assets Being Depreciated	<u>7,490,282</u>	<u>160,426</u>	<u>171,092</u>	<u>7,479,616</u>
Total Capital Assets	<u>7,658,770</u>	<u>160,426</u>	<u>171,092</u>	<u>7,648,104</u>
Less: Accumulated depreciation for				
Land improvements	(88,703)	(403)	-	(89,106)
Buildings	(493,466)	(24,797)	-	(518,263)
Machinery and equipment	(815,228)	(81,902)	-	(897,130)
Infrastructure	(2,797,312)	(66,134)	-	(2,863,446)
Vehicles	<u>(1,246,078)</u>	<u>(81,581)</u>	<u>146,174</u>	<u>(1,181,485)</u>
Total Accumulated Depreciation	<u>(5,440,787)</u>	<u>(254,817)</u>	<u>146,174</u>	<u>(5,549,430)</u>
Net Capital Assets Being Depreciated	<u>2,049,495</u>	<u>(94,391)</u>	<u>24,918</u>	<u>1,930,186</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,217,983</u>	<u>\$ (94,391)</u>	<u>\$ 24,918</u>	<u>\$ 2,098,674</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

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>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 2,142,625	\$ -	\$ -	\$ 2,142,625
Construction in progress	<u>802,979</u>	<u>-</u>	<u>802,979</u>	<u>-</u>
Total Capital Assets Not Being Depreciation	<u>2,945,604</u>	<u>-</u>	<u>802,979</u>	<u>2,142,625</u>
Capital assets being depreciated				
Buildings and improvements	19,475,449	1,081,735	-	20,557,184
Machinery and equipment	1,604,437	-	-	1,604,437
Vehicles	344,043	-	-	344,043
Infrastructure	10,294,330	-	-	10,294,330
Land improvements	<u>1,416,314</u>	<u>-</u>	<u>-</u>	<u>1,416,314</u>
Total Capital Assets Being Depreciated	<u>33,134,573</u>	<u>1,081,735</u>	<u>-</u>	<u>34,216,308</u>
Total Capital Assets	<u>36,080,177</u>	<u>1,081,735</u>	<u>802,979</u>	<u>36,358,933</u>
Less: Accumulated depreciation for				
Buildings and improvements	(2,293,125)	(320,421)	-	(2,613,546)
Machinery and equipment	(794,725)	(110,943)	-	(905,668)
Vehicles	(282,952)	(13,293)	-	(296,245)
Infrastructure	(5,312,939)	(169,914)	-	(5,482,853)
Land improvements	<u>(41,086)</u>	<u>(27,699)</u>	<u>-</u>	<u>(68,785)</u>
Total Accumulated Depreciation	<u>(8,724,827)</u>	<u>(642,270)</u>	<u>-</u>	<u>(9,367,097)</u>
Net Capital Assets Being Depreciated	<u>24,409,746</u>	<u>439,465</u>	<u>-</u>	<u>24,849,211</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,355,350</u>	<u>\$ 439,465</u>	<u>\$ 802,979</u>	<u>\$ 26,991,836</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

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>

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	\$ 461,900
General	Nonmajor Governmental Funds	230,981
Water	Nonmajor Governmental Funds	<u>61,321</u>
Total - Fund Financial Statements		754,202
Less: Government-wide eliminations		<u>(692,881)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 61,321</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 Debt Service Fund and the General Fund and the Nonmajor Governmental Funds represents amounts paid for debt service by the General Fund which are payable from the Debt Service Fund

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

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, 2014

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Water	\$ 1,044,000	Operating expenses
General	1st Avenue TIF	603,377	Administrative expenses
			Administrative expenses and reimbursement of debt
General	Nonmajor Governmental Funds	407,413	service payments
MAX	General	<u>410,797</u>	Operating expenses
Total - Fund Financial Statements		2,465,587	
Less: Fund eliminations		(1,010,790)	
Less: Government-wide eliminations		(821,594)	
Less: Transfer of Capital Assets to MAX		<u>(255,485)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 377,718</u>	

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Tax increment financing bonds	\$ 28,075,434	\$ 760,000	\$ 2,363,434	\$ 26,472,000	\$ 1,369,000
Sub-totals	<u>28,075,434</u>	<u>760,000</u>	<u>2,363,434</u>	<u>26,472,000</u>	<u>1,369,000</u>
Other Liabilities					
Vested compensated absences	432,081	206,042	240,380	397,743	147,471
Net pension obligation	1,296,031	619,003	715,000	1,200,034	-
Net OPEB obligation	2,825,929	795,879	238,342	3,383,466	-
Total Other Liabilities	<u>4,554,041</u>	<u>1,620,924</u>	<u>1,193,722</u>	<u>4,981,243</u>	<u>147,471</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,629,475</u>	<u>\$ 2,380,924</u>	<u>\$ 3,557,156</u>	<u>\$ 31,453,243</u>	<u>\$ 1,516,471</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 14,000,000	\$ -	\$ 315,000	\$ 13,685,000	\$ 350,000
(Discounts)/Premiums	(57,430)	-	(5,073)	(52,357)	-
Sub-totals	<u>13,942,570</u>	<u>-</u>	<u>309,927</u>	<u>13,632,643</u>	<u>350,000</u>
Other Liabilities					
Vested compensated absences	112,905	57,916	52,727	118,094	52,160
Net OPEB obligation	771,380	123,717	37,050	858,047	-
Total Other Liabilities	<u>884,285</u>	<u>181,633</u>	<u>89,777</u>	<u>976,141</u>	<u>52,160</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 14,826,855</u>	<u>\$ 181,633</u>	<u>\$ 399,704</u>	<u>\$ 14,608,784</u>	<u>\$ 402,160</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, 2014

NOTE III - 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, 2014
2008 Series	6/16/2008	12/1/2030	4.00% - 5.00%	\$ 15,030,000	<u>\$ 13,685,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 13,685,000</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities General Obligation Debt	
	Principal	Interest
2015	\$ 350,000	\$ 689,845
2016	400,000	674,095
2017	450,000	655,095
2018	500,000	632,595
2019	570,000	607,595
2020-2024	3,865,000	2,546,225
2025-2029	6,055,000	1,370,755
2030	<u>1,495,000</u>	<u>77,740</u>
Totals	<u>\$ 13,685,000</u>	<u>\$ 7,253,945</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds

Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district. The payments are made from the 1st Avenue TIF and Joliet Road TIF Funds, respectively.

Tax Increment Financing Bonds at December 31, 2014, consists of the following:

Governmental Activities

Tax Increment Financing Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
2009 Series - 1st Avenue TIF	6/30/2009	1/1/2028	Variable	\$ 18,900,000	\$ 13,095,000
2012 Series - 1st Avenue TIF	6/21/2012	12/1/2027	Variable	10,000,000	10,000,000
2013 Series - 1st Avenue TIF	12/23/2013	6/1/2023	Variable	3,000,000	2,755,000
2014 Series - Joliet Rd. TIF	3/25/2014	12/31/2018	5.00%	760,000	<u>622,000</u>
Total Governmental Activities Tax Increment Financing Bonds					<u><u>\$ 26,472,000</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 12/31/2014 was 1.52%. 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 12/31/2014 was 2.49%.

Interest on the variable rate 2013 Series - 1st Avenue TIF bonds is calculated at the monthly LIBOR rate in U.S. dollars effectively the first day of each month plus 4.05% and multiplied by the default rate of 75%. The interest rate as of 12/31/2014 was 3.16%

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Tax Increment Financing Bonds	
	Principal	Interest
2015	\$ 1,369,000	\$ 793,400
2016	1,627,000	747,329
2017	1,945,000	694,260
2018	2,056,000	632,627
2019	2,000,000	567,673
2020-2024	11,355,000	1,874,199
2025-2028	<u>6,120,000</u>	<u>313,434</u>
Totals	<u>\$ 26,472,000</u>	<u>\$ 5,622,922</u>

Current Refunding

On March 25, 2014, the village issued \$760,000 in general obligation bonds with an average coupon rate of 5.00% to refund \$750,434 of outstanding 2009 Series - Joliet Rd. TIF bonds with an average coupon rate of 7.75%. The net proceeds were used to pay the outstanding debt, which was callable as funds became available.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,254,101 from 1/1/15 through 12/1/29 assuming no early principal payments were made prior to the final due date of the bond. The cash flow requirements on the Series 2014 - Joliet Rd TIF refunding bonds are \$868,628 from 1/1/15 through 12/1/18.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

G. 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, 2014, the interest rate swap had a fair value of \$13,887,413 on a notional amount of \$14,325,000. The change in fair value during 2014 was \$437,587 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 \$14,325,000 at December 31, 2014. 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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, 2014, 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.

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, 2014 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, 2014, this portion of the village's variable-rate debt is effectively hedged. After the end of the term, any remaining principal would revert to the variable rate.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions

The village contributes to three defined benefit pension plan, 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 state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The village's contribution rate for 2013 was 8.30% of annual covered payroll. For 2013, the village's annual required contribution rate was 8.30%. 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 over time relative to the actuarial accrual liability for benefits.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - 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 7.5% of their annual salary to IMRF. The Village contribution rate for 2013 was 17.34% of annual covered payroll. For 2013, the employer annual required contribution rate was also 17.34%.

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, 2014, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to but not yet receiving benefits	1
Current employees	17
	<hr/>
Total	30
	<hr/>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - 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% funded by the year 2040. For the year ended December 31, 2014, the village's contribution was 45.21% 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, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

At December 31, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to but not yet receiving benefits	-
Current employees	<u>1</u>
Total	<u><u>1</u></u>

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.

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2014, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2014, the village's contribution was 78.97% 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies

Police and Firefighters' Pension Plans

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

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

Net Pension Obligation (Asset)

The following is the net pension obligation (asset) calculation from the December 31, 2014 actuarial reports:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 545,929	\$ 45,213
Interest on net pension obligation	70,444	7,130
Adjustment to annual required contribution	(45,144)	(4,569)
Annual pension cost	571,229	47,774
Contributions made	(635,000)	(80,000)
Change in net pension obligation (asset)	(63,771)	(32,226)
Net pension obligation (asset), beginning of year	1,222,466	73,565
Net pension (asset), end of year	<u>\$ 1,158,695</u>	<u>\$ 41,339</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial Assumptions - Annual Required Contribution

The annual required contribution for the current year was determined by actuarial valuations performed as noted below using the following actuarial methods and assumptions:

	Illinois Municipal Retirement - REG	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2013	December 31, 2013	December 31, 2014	December 31, 2014
Contribution rates:				
Employer	8.30%	17.34%	45.21%	78.97%
Employee	4.50%	7.50%	9.91%	9.46%
Annual required contribution	\$180,730	\$11,623	\$545,929	\$45,213
Contributions made	\$180,730	\$11,623	\$635,000	\$80,000
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal 5 year smoothed	Entry-age normal	Entry-age normal
Asset valuation method	market	market	Market	Market
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years, open	30 years, open	26 years, closed	26 years, closed
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%

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - 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)	2014	\$ 180,730	\$ 11,623	\$ 571,229	\$ 47,774
	2013	157,304	13,735	453,759	47,302
	2012	149,463	10,689	452,762	43,564
Contributions made	2014	\$ 180,730	\$ 11,623	\$ 635,000	\$ 80,000
	2013	157,304	13,735	420,000	50,000
	2012	149,463	10,689	340,000	50,000
Percentage of APC contributed	2014	100.00%	100.00%	111.16%	167.46%
	2013	100.00%	100.00%	92.56%	105.70%
	2012	100.00%	100.00%	75.09%	114.77%
Net pension obligation	2014	\$ -	\$ -	\$ 1,158,695	\$ 41,339
	2013	-	-	1,222,466	73,565
	2012	-	-	1,188,707	76,263

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, 2014

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

ICRMT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

D. OTHER POSTEMPLOYMENT BENEFITS

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

Village employees who retire with 25 or more years of service and at age 55 years or older are eligible to receive the post-employment benefits. The village contributes 100 percent of the current year premiums for medical and dental coverage and a \$10,000 life insurance benefit for eligible retired plan members and their families. Beginning July 1, 2008, police officers with at least 20 years of service and at age 50 years or older have the option to retire and receive 50% of their medical, dental, life insurance post-employment benefits paid for by the village. For fiscal year 2014, the village contributed \$275,391 to the plan. Plan members receiving benefits are not required to make any contributions to the plan.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Annual required contribution	\$	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>(275,391)</u>
Increase in net OPEB obligation		644,204
Net OPEB Obligation - Beginning of Year		<u>3,597,309</u>
Net OPEB Obligation - End of Year	\$	<u><u>4,241,513</u></u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and two preceding 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, 2012	\$ 899,908	20.34	\$ 2,953,106
December 31, 2013	919,595	29.95	3,597,309
December 31, 2014	919,595	29.95	4,241,513

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)	\$ 3,805,394
UAAL as a percentage of covered payroll	275.50%

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - 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% after years. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2014, 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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*
- > GASB Statement No. 72, *Fair Value Measurement and Application*.
- > GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*.
- > GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- > GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014			2013 Actual
	Original and Final Budget	Actual	Variance with Final Budget	
REVENUES				
TAXES				
Real estate	\$ 2,875,000	\$ 2,184,835	\$ (690,165)	\$ 2,332,553
Replacement	470,000	471,806	1,806	485,980
State income	24,000	14,628	(9,372)	25,001
Sales	1,070,000	1,314,207	244,207	1,141,160
Dumping	100,000	126,412	26,412	108,732
Tax stamp	100,000	376,510	276,510	160,883
Mineral sales/use	30,800	47,999	17,199	31,565
Video Gaming tax	17,000	51,243	34,243	20,686
Environmental	40,000	40,000	-	40,000
Telecommunication	80,000	141,540	61,540	141,304
Host	13,000	11,194	(1,806)	13,008
Waste transfer	80,000	68,518	(11,482)	81,243
Total Taxes	<u>4,899,800</u>	<u>4,848,892</u>	<u>(50,908)</u>	<u>4,582,115</u>
INTERGOVERNMENTAL				
State forfeiture	-	4,682	4,682	2,201
Federal forfeiture	-	115,543	115,543	321,167
Total Intergovernmental	<u>-</u>	<u>120,225</u>	<u>120,225</u>	<u>323,368</u>
Licenses, permits and fees	786,000	810,925	24,925	704,128
Fines and police reports	196,000	233,332	37,332	196,084
Interest	1,500	1,556	56	5,961
Miscellaneous	385,600	121,178	(264,422)	463,166
Total Revenues	<u>6,268,900</u>	<u>6,136,108</u>	<u>(132,792)</u>	<u>6,274,822</u>
EXPENDITURES				
GENERAL GOVERNMENT				
General government	<u>4,024,000</u>	<u>2,813,328</u>	<u>1,210,672</u>	<u>3,087,696</u>
PUBLIC SAFETY				
License and enforcement	83,300	73,213	10,087	67,477
Police department	2,974,700	3,268,596	(293,896)	3,142,194
Fire department	1,025,000	936,827	88,173	878,878
Board of police and fire commissioners	22,800	8,670	14,130	9,145
Health department	14,800	9,125	5,675	10,107
Emergency disaster service agency	10,100	-	10,100	-
Environmental control	24,900	-	24,900	-
Total Public Safety	<u>4,155,600</u>	<u>4,296,431</u>	<u>(140,831)</u>	<u>4,107,801</u>

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

VILLAGE OF MCCOOK

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

For the Year Ended December 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014			2013
	Original and Final Budget	Actual	Variance with Final Budget	Actual
PUBLIC WORKS				
Buildings and grounds	\$ 453,000	\$ 329,792	\$ 123,208	\$ 344,090
Sanitation	12,500	638	11,862	148,689
Streets	54,000	25,758	28,242	18,958
Street lighting	96,000	26,013	69,987	25,144
Total Public Works	<u>615,500</u>	<u>382,201</u>	<u>233,299</u>	<u>536,881</u>
CAPITAL OUTLAY				
General government	48,000	37,106	10,894	101,000
License and enforcement	2,500	3,107	(607)	1,433
Police department	126,000	25,068	100,932	13,651
Fire department	50,000	7,379	42,621	31,258
Buildings and grounds	220,500	65,671	154,829	130,970
Streets	142,000	27,456	114,544	22,233
Street lighting	60,000	91,799	(31,799)	24,588
Total Capital Outlay	<u>649,000</u>	<u>257,586</u>	<u>391,414</u>	<u>325,133</u>
Total Expenditures	<u>9,444,100</u>	<u>7,749,546</u>	<u>1,694,554</u>	<u>8,057,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,175,200)</u>	<u>(1,613,438)</u>	<u>1,561,762</u>	<u>(1,782,689)</u>
OTHER FINANCING SOURCES				
Transfers in	300,000	2,054,790	1,754,790	4,665,925
Transfers out	-	(410,797)	(410,797)	(344,514)
Total Other Financing Sources	<u>300,000</u>	<u>1,643,993</u>	<u>1,343,993</u>	<u>4,321,411</u>
Net Change in Fund Balance	<u>\$ (2,875,200)</u>	30,555	<u>\$ 2,905,755</u>	2,538,722
FUND BALANCE (DEFICIT) - Beginning of Year		<u>1,864,834</u>		<u>(673,888)</u>
FUND BALANCE - END OF YEAR		<u>\$ 1,895,389</u>		<u>\$ 1,864,834</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, 2014 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Real estate	\$ -	\$ 2,574,519	\$ 2,574,519	\$ 2,282,086
Interest earned	-	11,728	11,728	14,507
Miscellaneous	-	65,999	65,999	25,375
Total Revenues	-	<u>2,652,246</u>	<u>2,652,246</u>	<u>2,321,968</u>
EXPENDITURES				
Current				
Community development	850,700	15,762	834,938	441,380
Professional services	178,000	21,255	156,745	136,246
Capital Outlay	<u>210,000</u>	<u>68,326</u>	<u>141,674</u>	<u>936,150</u>
Debt Service				
Principal retirement	2,400,000	1,230,000	1,170,000	2,355,000
Interest and other	1,000,000	723,785	276,215	1,043,999
Buildings and grounds	<u>1,020,000</u>	<u>2,500</u>	<u>1,017,500</u>	<u>419,360</u>
Total Expenditures	<u>5,658,700</u>	<u>2,061,628</u>	<u>3,597,072</u>	<u>5,332,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,658,700)</u>	<u>590,618</u>	<u>6,249,318</u>	<u>(3,010,167)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(603,377)	(603,377)	(3,374,615)
General obligation bond proceeds	-	-	-	2,800,000
Total Other Financing Sources (Uses)	-	<u>(603,377)</u>	<u>(603,377)</u>	<u>(574,615)</u>
Net Change in Fund Balance	<u>\$ (5,658,700)</u>	(12,759)	<u>\$ 5,645,941</u>	(3,584,782)
FUND BALANCE - Beginning of Year		<u>578,266</u>		<u>4,163,048</u>
FUND BALANCE - END OF YEAR		<u>\$ 565,507</u>		<u>\$ 578,266</u>

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

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2014

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2014	\$ 180,730	100.00%	\$ -
12/31/2013	157,304	100.00%	-
12/31/2012	149,463	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	\$ 3,991,057	\$ 3,773,069	\$ (217,988)	105.78%	\$ 2,177,475	-%
12/31/2012	3,523,513	3,356,990	(166,523)	104.96%	2,075,247	-%
12/31/2011	3,067,062	2,879,292	(187,770)	106.52%	1,990,190	-%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$4,482,688. On a market basis, the funded ratio would be 118.81%.

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	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, 2014

	<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>			
	12/31/2014	\$ 11,623	100.00%	\$ -			
	12/31/2013	13,735	100.00%	-			
	12/31/2012	10,689	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	\$ (36,940)	\$ -	\$ 36,940	-%	\$ 67,030	55.11%
	12/31/2012	113,956	128,126	14,170	88.94%	88,442	16.02%
	12/31/2011	91,645	91,040	(605)	100.66%	76,405	0.00%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$(25,396). On a market basis, the funded ratio would be 0.00%.

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	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, 2014

<u>Fiscal Year Ended</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2014	\$ 571,229	111.16%	\$ 1,158,695
12/31/2013	453,759	75.09%	1,222,466
12/31/2012	452,762	57.43%	1,188,707

<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>
12/31/2014	\$ 8,128,169	\$17,562,672	\$ 9,434,503	46.28%	\$ 1,404,521	671.72%
12/31/2012	7,414,219	14,564,226	7,150,007	50.91%	1,286,601	555.73%
12/31/2010	7,399,275	12,958,917	5,559,642	57.10%	1,195,374	465.10%

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	12/31/2014
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 years, closed
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, 2014

<u>Fiscal Year Ended</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2014	\$ 47,774	167.46%	\$ 41,339
12/31/2013	47,302	114.77%	73,565
12/31/2012	43,564	45.94%	76,263

<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>
12/31/2014	\$ 524,229	\$ 886,707	\$ 362,478	59.12%	\$ 101,299	357.83%
12/31/2012	383,413	732,029	348,616	52.38%	90,049	387.14%
12/31/2010	298,426	888,310	589,884	33.59%	90,596	651.11%

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	12/31/2014
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 years, closed
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, 2014

<u>Fiscal Year End Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2014	\$ 919,595	29.95%	\$ 4,241,512
12/31/2013	919,595	29.95%	3,597,309
12/31/2012	899,908	20.34%	2,953,106

<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%	\$ 3,805,394	275.50%
12/31/2010	-	9,536,145	9,536,145	0.00%	3,726,344	255.91%

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

Valuation date	12/31/2013
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, 2014

BUDGETARY INFORMATION

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

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

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

SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2014

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	IDECO Grant
ASSETS					
Cash	\$ 36,030	\$ 47,582	\$ 23,307	\$ 417,985	\$ 21,272
Receivables (net)					
Real estate taxes	-	-	200,900	835,085	-
Other	-	-	-	-	168,489
TOTAL ASSETS	<u>\$ 36,030</u>	<u>\$ 47,582</u>	<u>\$ 224,207</u>	<u>\$ 1,253,070</u>	<u>\$ 189,761</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 234	\$ -	\$ -	\$ 105,408
Due to other funds	-	-	14,641	216,340	61,321
Total Liabilities	<u>-</u>	<u>234</u>	<u>14,641</u>	<u>216,340</u>	<u>166,729</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	200,900	835,085	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>200,900</u>	<u>835,085</u>	<u>-</u>
Fund Balances					
Restricted for highways and streets	36,030	-	-	-	-
Restricted for community development	-	-	8,666	-	23,032
Restricted for public safety	-	47,348	-	-	-
Restricted for debt service	-	-	-	201,645	-
Total Fund Balances	<u>36,030</u>	<u>47,348</u>	<u>8,666</u>	<u>201,645</u>	<u>23,032</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 36,030</u>	<u>\$ 47,582</u>	<u>\$ 224,207</u>	<u>\$ 1,253,070</u>	<u>\$ 189,761</u>

Total
Nonmajor
Governmental
Funds

\$ 546,176

1,035,985

168,489

\$ 1,750,650

\$ 105,642

292,302

397,944

1,035,985

1,035,985

36,030

31,698

47,348

201,645

316,721

\$ 1,750,650

VILLAGE OF MCCOOK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Debt Service	IDECO Grant
REVENUES					
Real estate taxes	\$ -	\$ -	\$ 205,844	\$ 724,961	\$ -
Motor fuel tax	5,645	-	-	-	289,739
Fees collected	-	39,179	-	-	-
Interest	8	-	-	-	22
Miscellaneous	1,103	-	-	-	-
Total Revenues	<u>6,756</u>	<u>39,179</u>	<u>205,844</u>	<u>724,961</u>	<u>289,761</u>
EXPENDITURES					
Current					
Community development	-	-	16,697	-	-
Maintenance and service	-	5,231	-	-	-
Repairs and maintenance	-	-	-	-	266,729
Public works	20,086	-	-	-	-
Debt Service					
Interest and other	-	-	42,317	87,189	-
Principal retirement	-	-	888,434	245,000	-
Total Expenditures	<u>20,086</u>	<u>5,231</u>	<u>947,448</u>	<u>332,189</u>	<u>266,729</u>
Excess (deficiency) of revenues over expenditures	<u>(13,330)</u>	<u>33,948</u>	<u>(741,604)</u>	<u>392,772</u>	<u>23,032</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(14,641)	(392,772)	-
Bond proceeds	-	-	760,000	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>745,359</u>	<u>(392,772)</u>	<u>-</u>
Net Change in Fund Balances	(13,330)	33,948	3,755	-	23,032
FUND BALANCES - Beginning of Year	<u>49,360</u>	<u>13,400</u>	<u>4,911</u>	<u>201,645</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 36,030</u>	<u>\$ 47,348</u>	<u>\$ 8,666</u>	<u>\$ 201,645</u>	<u>\$ 23,032</u>

Total
Nonmajor
Governmental
Funds

\$ 930,805
295,384
39,179
30
1,103
1,266,501

16,697

5,231

266,729
20,086

129,506
1,133,434
1,571,683

(305,182)

(407,413)
760,000

352,587

47,405

269,316

\$ 316,721

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, 2014 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
INTERGOVERNMENTAL				
Motor fuel tax allotments	\$ -	\$ 5,645	\$ 5,645	\$ 6,583
Interest	-	8	8	10
Miscellaneous	-	1,103	1,103	-
Total Revenues	-	6,756	6,756	6,593
EXPENDITURES				
CURRENT				
Road construction	50,000	-	50,000	-
Contingency	10,000	-	10,000	-
Buildings and grounds	-	20,086	(20,086)	-
Total Expenditures	60,000	20,086	39,914	-
Net Change in Fund Balance	\$ (60,000)	(13,330)	\$ 46,670	6,593
FUND BALANCE - Beginning of Year		49,360		42,767
FUND BALANCE - END OF YEAR		\$ 36,030		\$ 49,360

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Fees collected	\$ -	\$ 39,179	\$ 39,179	\$ 43,286
Total Revenues	-	39,179	39,179	43,286
EXPENDITURES				
CURRENT				
Maintenance and service	25,000	5,231	19,769	5,697
Total Expenditures	25,000	5,231	19,769	5,697
Net Change in Fund Balance	\$ (25,000)	33,948	\$ 58,948	37,589
FUND BALANCE (DEFICIT) - Beginning of Year		13,400		(24,189)
FUND BALANCE - END OF YEAR		\$ 47,348		\$ 13,400

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, 2014 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Real estate	\$ -	\$ 205,844	\$ 205,844	\$ 198,437
Total Revenues	-	205,844	205,844	198,437
EXPENDITURES				
CURRENT				
Community development	260,500	13,197	247,303	54,000
Professional services	17,000	3,500	13,500	4,199
Debt Service				
Principal retirement	200,000	888,434	(688,434)	160,000
Interest and other	150,000	42,317	107,683	68,285
Total Expenditures	627,500	947,448	(319,948)	286,484
Excess (deficiency) of revenues over (under) expenditures	(627,500)	(741,604)	(114,104)	(88,047)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(14,641)	(14,641)	(13,310)
General obligation bonds issued	-	760,000	760,000	-
Total Other Financing Sources (Uses)	-	745,359	745,359	(13,310)
Net Change in Fund Balance	\$ (627,500)	3,755	\$ 631,255	(101,357)
FUND BALANCE - Beginning of Year		4,911		106,268
FUND BALANCE - END OF YEAR		\$ 8,666		\$ 4,911

VILLAGE OF MCCOOK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2014

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 312,480	\$ 326,431	\$ 638,911
Investments - certificates of deposits with banks	-	197,833	197,833
Investments - other, at fair value	8,156,443	-	8,156,443
Interest receivable	<u>7,791</u>	<u>-</u>	<u>7,791</u>
Total Assets	<u>8,476,714</u>	<u>524,264</u>	<u>9,000,978</u>
NET POSITION			
Net position reserved for participants and beneficiaries	<u>\$ 8,476,714</u>	<u>\$ 524,264</u>	<u>\$ 9,000,978</u>

VILLAGE OF MCCOOK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

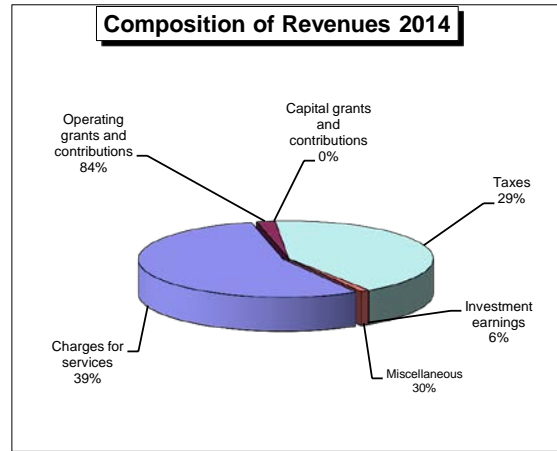
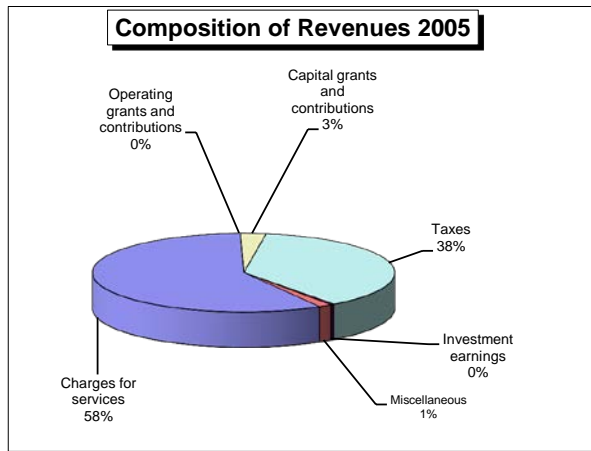
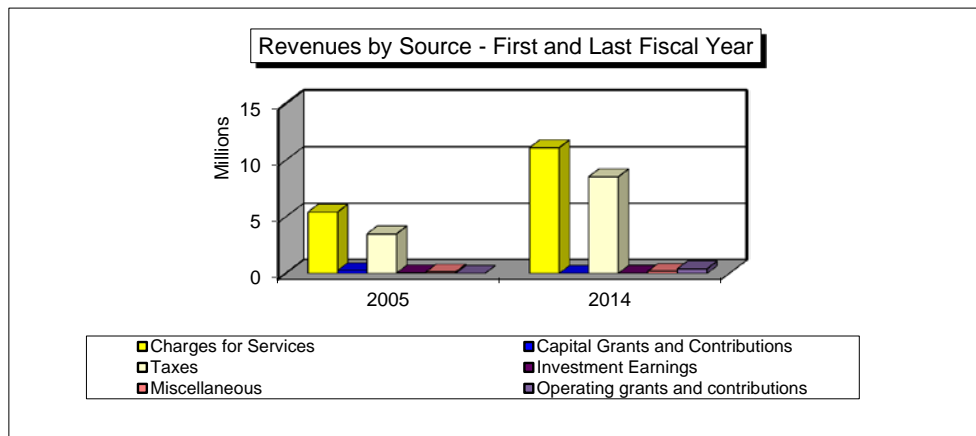
For the Year Ended December 31, 2014

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Employee contributions	\$ 143,227	\$ 9,578	\$ 152,805
Employer contributions	635,000	80,000	715,000
Total	<u>778,227</u>	<u>89,578</u>	<u>867,805</u>
Investment income			
Bank deposits	577	651	1,228
Government securities	27,142	-	27,142
Insurance contracts	24,754	-	24,754
Net appreciation in fair value of investments	31,418	-	31,418
Mutual Funds	<u>318,828</u>	<u>-</u>	<u>318,828</u>
Total Investment Income	402,719	651	403,370
Less Investment management fees	<u>(42,556)</u>	<u>-</u>	<u>(42,556)</u>
Total Additions	<u>1,138,390</u>	<u>90,229</u>	<u>1,228,619</u>
DEDUCTIONS			
Payments to participants	604,079	-	604,079
Payments to beneficiaries	203,216	-	203,216
Administrative	<u>29,364</u>	<u>4,606</u>	<u>33,970</u>
Total Deductions	<u>836,659</u>	<u>4,606</u>	<u>841,265</u>
Change in Net Position	301,731	85,623	387,354
NET POSITION - Beginning of Year	<u>8,174,983</u>	<u>438,641</u>	<u>8,613,624</u>
NET POSITION, END OF YEAR	<u>\$ 8,476,714</u>	<u>\$ 524,264</u>	<u>\$ 9,000,978</u>

VILLAGE OF McCOOK

GOVERNMENT-WIDE REVENUES BY TYPE LAST TEN FISCAL YEARS

	2005	2006	2007
Program Revenues			
Charges for services	\$ 5,408,892	\$ 5,351,922	\$ 5,392,677
Operating grants and contributions	-	240,985	211,603
Capital grants and contributions	253,451	-	-
Total Program Revenues	5,662,343	5,592,907	5,604,280
General Revenues			
Taxes	3,495,621	3,757,483	4,905,922
Investment earnings	37,655	102,249	118,731
Miscellaneous	132,949	97,557	79,334
Total General Revenues	3,666,225	3,957,289	5,103,987
Total Revenues	\$ 9,328,568	\$ 9,550,196	\$ 10,708,267



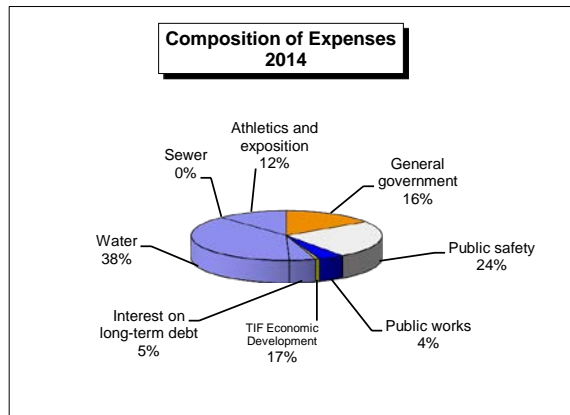
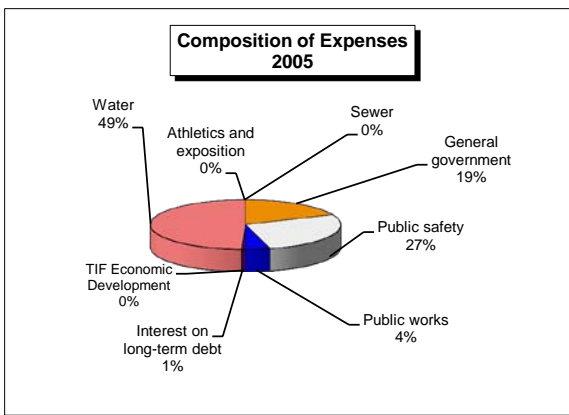
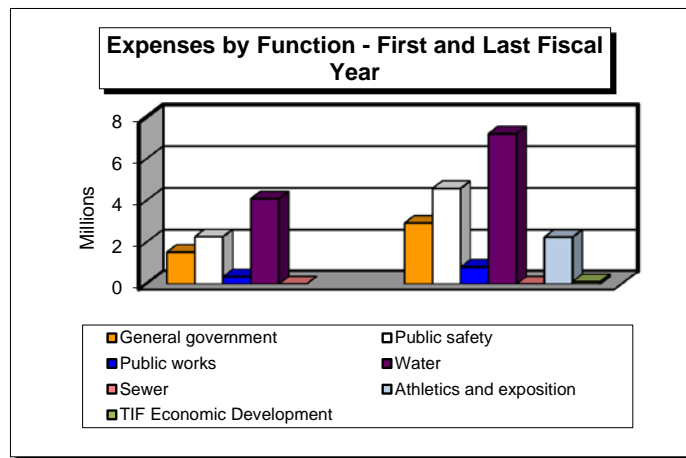
SOURCE OF INFORMATION: 2005-2014 financial statements

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 5,604,956	\$ 7,943,571	\$ 8,098,786	\$ 8,093,785	\$ 9,277,655	\$ 10,059,401	\$ 11,097,805
135,107	447,435	486,735	120,219	195,416	329,951	415,609
-	275,000	-	-	-	-	-
<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>	<u>11,513,414</u>
5,635,766	5,321,541	4,755,507	6,300,782	6,765,340	7,364,283	8,538,332
144,309	73,331	55,246	26,027	14,485	21,656	14,201
85,441	132,669	41,458	2,095,339	112,629	494,985	193,114
<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>8,745,647</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>	<u>\$ 20,259,061</u>

VILLAGE OF McCOOK

GOVERNMENT-WIDE EXPENSES BY FUNCTION LAST TEN FISCAL YEARS

	2005	2006	2007	2008
Governmental Activities				
General government	\$ 1,532,744	\$ 1,679,433	\$ 1,949,506	\$ 2,235,288
Public safety	2,269,713	2,676,559	2,870,784	3,214,379
Public works	350,404	422,101	389,620	359,003
Community development	-	-	-	2,798,857
Interest on long-term debt	44,457	37,595	27,646	13,622
Total Governmental Activities	4,197,318	4,815,688	5,237,556	8,621,149
Business-type Activities				
Water	4,091,521	4,038,097	4,114,317	4,400,423
Sewer	1,200	4,420	1,000	2,000
Athletics and exposition	-	-	-	700,355
Total Business-type Activities	4,092,721	4,042,517	4,115,317	5,102,778
Total Expenses	\$ 8,290,039	\$ 8,858,205	\$ 9,352,873	\$ 13,723,927



SOURCE OF INFORMATION: 2005-2014 Financial Statements

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,284,217	\$ 2,421,967	\$ 2,595,413	\$ 2,736,055	\$ 3,070,744	\$ 2,926,594
4,081,522	4,033,074	4,228,278	4,475,399	4,662,071	4,586,882
450,822	469,963	459,993	437,550	506,983	819,142
17,845,573	295,321	1,746,348	92,386	538,221	114,974
202,053	537,832	707,463	817,122	834,768	843,921
<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>	<u>9,291,513</u>
4,869,143	5,215,955	5,075,570	6,202,280	6,614,338	7,211,329
2,000	2,000	4,950	2,050	2,498	2,200
<u>2,402,320</u>	<u>2,448,233</u>	<u>2,345,810</u>	<u>2,422,642</u>	<u>2,317,070</u>	<u>2,247,677</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>9,461,206</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>	<u>\$ 18,752,719</u>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS REVENUES BY SOURCE * LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Local Sources				
Taxes	\$ 8,354,216	\$ 7,364,283	\$ 6,765,340	\$ 6,300,782
Intergovernmental	415,609	329,951	195,416	120,219
Licenses, permits, and fees	850,104	747,414	563,553	426,964
Fines and police reports	233,332	196,084	120,936	134,143
Interest earned	13,314	20,478	12,349	25,457
Miscellaneous	<u>188,280</u>	<u>488,541</u>	<u>108,210</u>	<u>574,001</u>
 Total Local Sources	 <u>\$ 10,054,855</u>	 <u>\$ 9,146,751</u>	 <u>\$ 7,765,804</u>	 <u>\$ 7,581,566</u>

* - Includes revenues for all Governmental Fund Types.

SOURCE OF INFORMATION: 2005-2014 Annual Financial Statements.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	4,755,507	\$ 5,321,541	\$ 5,635,766	\$ 4,905,922	\$ 3,757,483	\$ 3,495,621
	486,735	447,435	135,107	211,603	240,985	76,282
	408,983	1,028,139	354,783	493,298	469,607	299,024
	169,237	206,796	199,194	142,737	138,189	118,906
	50,045	59,472	53,482	100,312	82,158	32,069
	<u>35,648</u>	<u>123,100</u>	<u>85,441</u>	<u>79,334</u>	<u>97,557</u>	<u>118,949</u>
\$	<u>5,906,155</u>	<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>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION* LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government	\$ 3,070,914	\$ 3,188,696	\$ 2,680,034	\$ 2,513,789
Public safety	4,301,662	4,159,840	3,907,855	3,431,815
Public works	669,016	714,672	368,058	338,908
Community development	124,540	1,991,335	7,339,585	1,746,348
Debt service	<u>3,216,725</u>	<u>3,627,284</u>	<u>960,791</u>	<u>1,601,919</u>
Total	<u>\$ 11,382,857</u>	<u>\$ 13,681,827</u>	<u>\$ 15,256,323</u>	<u>\$ 9,632,779</u>

* - Includes expenditures for all Governmental Fund Types.

SOURCE OF INFORMATION: 2005-2014 Annual Financial Statements.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	2,288,577	\$ 2,050,426	\$ 2,076,558	\$ 1,878,769	\$ 1,691,461	\$ 1,556,911
	3,060,919	3,354,146	3,013,519	2,850,256	2,480,555	2,194,391
	354,740	362,143	396,883	329,921	349,571	387,515
	295,321	18,270,823	2,798,857	-	-	-
	<u>1,890,553</u>	<u>231,159</u>	<u>459,720</u>	<u>465,263</u>	<u>464,354</u>	<u>478,432</u>
 \$	 <u>7,890,110</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>

VILLAGE OF McCOOK

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rates Extended*				
Corporate	2.7370	2.4892	2.4363	1.9782
Bond & Interest	0.8217	0.3249	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>3.5587</u>	 <u>2.8141</u>	 <u>2.4363</u>	 <u>1.9782</u>
 Levies Extended				
Total Levies Extended	<u>\$ 3,248,357</u>	<u>\$ 2,728,660</u>	<u>\$ 2,458,736</u>	<u>\$ 2,342,417</u>
 Total Collections^	 <u>\$ 3,137,689</u>	 <u>\$ 2,612,682</u>	 <u>\$ 2,364,169</u>	 <u>\$ 2,322,374</u>
 Percentage of Extensions Collected	 <u>96.59%</u>	 <u>95.75%</u>	 <u>96.15%</u>	 <u>99.14%</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 2004 to 2013.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
1.7132	1.4182	1.2777	1.3554	1.3346	1.7542
0.0000	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
<u>1.7132</u>	<u>1.4182</u>	<u>1.4632</u>	<u>1.5570</u>	<u>1.5374</u>	<u>2.0353</u>
<u>\$ 2,233,000</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>\$ 2,217,164</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>99.29%</u>	<u>96.96%</u>	<u>94.79%</u>	<u>94.59%</u>	<u>94.39%</u>	<u>96.61%</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*
2013	\$ 91,278,279	\$ (5,688,199)	-5.87%	\$ 273,834,837
2012	96,966,478	(3,889,803)	-3.86%	290,899,434
2011	100,856,281	(17,555,165)	-14.83%	302,568,843
2010	118,411,446	(11,927,297)	-9.15%	355,234,338
2009	130,338,743	(21,912,282)	-14.39%	391,016,229
2008	152,251,025	6,747,531	4.64%	456,753,075
2007	145,503,494	8,336,491	6.08%	436,510,482
2006	137,167,003	(2,141,845)	-1.54%	411,501,009
2005	139,308,848	35,842,065	34.64%	417,926,544
2004	103,466,783	(2,408,826)	-2.28%	310,400,349

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

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports
for 2004 to 2013.

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
2014	2013	\$ 13,685,000	\$ -	\$ 13,685,000
2013	2012	14,000,000	-	14,000,000
2012	2011	14,275,000	-	14,275,000
2011	2010	14,510,000	-	14,510,000
2010	2009	14,710,000	-	14,710,000
2009	2008	14,880,000	-	14,880,000
2008	2007	15,030,000	-	15,030,000
2007	2006	570,000	-	160,000
2006	2005	1,130,000	-	315,000
2005	2004	1,670,000	-	460,000

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: 2005-2014 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
-	\$ 91,278,279	0.00	228	-
-	96,966,478	0.00	228	-
-	100,856,281	0.00	223	-
-	118,411,446	0.00	228	-
-	130,338,743	0.00	236	-
-	152,251,025	0.00	249	-
-	145,503,494	0.00	249	-
410,000	137,167,003	0.30	249	1,647
815,000	139,308,848	0.59	250	3,260
1,210,000	103,466,783	1.17	250	4,840

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
2014	\$ 11,382,857	\$ 3,216,725	28.26%
2013	13,681,827	3,627,284	26.51%
2012	15,256,323	960,791	6.30%
2011	9,632,779	1,601,919	16.63%
2010	7,890,110	1,890,553	23.96%
2009	24,268,697	231,159	0.95%
2008	8,745,537	459,720	5.26%
2007	5,524,209	465,263	8.42%
2006	4,985,941	464,354	9.31%
2005	4,617,249	478,432	10.36%

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

SOURCE OF INFORMATION: 2005-2014 Annual Financial Statements.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JUNE 16, 2008 DECEMBER 31, 2014

GENERAL OBLIGATION BONDS - BUSINESS-TYPE PORTION

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2009	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -
2010	170,000	170,000	-	-	-
2011	200,000	200,000	-	-	-
2012	235,000	235,000	-	-	-
2013	275,000	275,000	-	-	-
2014	315,000	315,000	-	-	-
2015	350,000	-	350,000	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>\$ 1,345,000</u>	<u>\$ 13,685,000</u>	<u>\$ 7,253,945</u>	<u>\$ 20,938,945</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, 2014

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	1,230,000	1,230,000	-	-	-
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	960,000	-	960,000	43,943	1,003,943
2027	-	-	-	-	-
Total	<u>\$ 18,900,000</u>	<u>\$ 5,805,000</u>	<u>\$ 13,095,000</u>	<u>\$ 3,070,605</u>	<u>\$ 16,165,605</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 JUNE 30, 2012 DECEMBER 31, 2014

TAX INCREMENT FINANCING BONDS - 1ST AVENUE TIF 2012 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2012	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	100,000	-	100,000	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>\$ 2,161,320</u>	<u>\$ 12,161,320</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, 2014

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	-	-	-
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>\$ 245,000</u>	<u>\$ 2,755,000</u>	<u>\$ 365,410</u>	<u>\$ 3,120,410</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

VILLAGE OF McCOOK

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

TAX INCREMENT FINANCING BONDS - JOLIET ROAD TIF 2014 SERIES

<u>Year Ended December 31</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	<u>Bonds Outstanding</u>	<u>Interest Payable</u>	<u>Total Debt Service</u>
2014	\$ 138,000	\$ 138,000	\$ -	\$ 29,028	\$ 29,028
2015	144,000	-	144,000	31,100	175,100
2016	152,000	-	152,000	23,900	175,900
2017	160,000	-	160,000	16,300	176,300
2018	<u>166,000</u>	<u>-</u>	<u>166,000</u>	<u>8,300</u>	<u>174,300</u>
Total	<u>\$ 760,000</u>	<u>\$ 138,000</u>	<u>\$ 622,000</u>	<u>\$ 108,628</u>	<u>\$ 730,628</u>

Paying agent: Village with direct pay to Devon Bank

Principal payment date: December 1

Interest payment dates: December 1

Interest rates: 5.00%

Original amount of issue: \$ 760,000

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, 2014, and have issued our report thereon dated August 21, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

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

Baker Tilly Virchow Krause, LLP
Oak Brook, Illinois
August 21, 2015