

VILLAGE OF MCCOOK

McCook, Illinois

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2011

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VILLAGE OF MCCOOK

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois, as of and for the year ended December 31, 2011, which collectively comprise the Village of McCook's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of McCook's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.


As described in Note IV E, the Village adopted the provision of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective, January 1, 2011.

Mayor and Board of Trustees
Village of McCook

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, economical, 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.

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 2011 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 2011 supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We also previously audited, in accordance with auditing standards generally accepted in the United States, Village of McCook's basic financial statements for the year ended December 31, 2010. In our report dated October 10, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2010 supplementary information is fairly stated in all material respects in relation to the basic financial statement for the year ended December 31, 2010, taken as whole.

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


Oak Brook, Illinois
June 26, 2012

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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, 2011. The management of the village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > The liabilities of the village exceeded its assets at the close of the most recent fiscal year for a net asset deficit of \$9,293,100. Of this amount, the village has a deficit of \$20,695,041 in unrestricted net assets.
- > In total, net assets decreased by \$527,663. This represents a 6% decrease from 2010 and is related to a flattening of revenues with increasing expenses.
- > At the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$161,525, a decrease of \$1,304,322 in comparison with the prior year.
- > General revenues accounted for \$6,904,827 in revenue or 91% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$676,739 or 9% of total governmental revenues of \$7,581,566.
- > The village had \$9,737,495 in expenses related to government activities. However, only \$676,739 of these expenses were offset by program specific charges and grants.
- > At the end of the current fiscal year, unassigned fund balance for the General Fund was a deficit of \$1,062,698 of the total General Fund balance.
- > While the village's overall fund balances declined, an ordinance for replenishing general fund balances with funds from a bond issue associated with the TIF District was passed in 2011.

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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

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

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

Fund financial statements

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

Governmental funds

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

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to basic financial statements

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

Other information

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Government-Wide Financial Analysis

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

	<i>Governmental Activities</i>		
	2011	2010	Change
Assets			
Current and other assets	\$ 6,726,903	\$ 6,140,866	9.5%
Capital assets	<u>1,898,840</u>	<u>2,081,915</u>	(8.8)%
Total assets	<u>8,625,743</u>	<u>8,222,781</u>	4.9%
Liabilities			
Long-term liabilities	21,306,132	21,414,601	(0.5)%
Other liabilities	<u>6,203,809</u>	<u>4,283,340</u>	44.8%
Total liabilities	<u>27,509,941</u>	<u>25,697,941</u>	7.1%
Net assets			
Invested in capital assets, net of related debt	1,898,840	2,081,915	(8.8)%
Restricted	1,398,191	2,972,672	(53.0)%
Unrestricted	<u>(22,181,229)</u>	<u>(22,529,747)</u>	(1.5)%
Total net assets	<u>\$ (18,884,198)</u>	<u>\$ (17,475,160)</u>	8.1%

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

	<i>Business-Type Activities</i>			<i>Total</i>		
	2011	2010	Change	2011	2010	Change
Assets						
Current and other assets	\$ 5,544,029	\$ 5,593,629	(0.9)%	\$ 12,270,932	\$ 11,734,495	4.6%
Capital assets	<u>19,902,023</u>	<u>18,944,327</u>	5.1%	<u>21,800,863</u>	<u>21,026,242</u>	3.7%
Total assets	<u>25,446,052</u>	<u>24,537,956</u>	3.7%	<u>34,071,795</u>	<u>32,760,737</u>	4.0%
Liabilities						
Long-term liabilities	15,003,897	15,027,135	(0.2)%	36,310,029	36,441,736	(0.4)%
Other liabilities	<u>851,057</u>	<u>801,098</u>	6.2%	<u>7,054,866</u>	<u>5,084,438</u>	38.8%
Total liabilities	<u>15,854,954</u>	<u>15,828,233</u>	4.4%	<u>43,364,895</u>	<u>41,526,174</u>	4.4%
Net assets						
Invested in capital assets, net of related debt	8,104,910	6,655,996	21.8%	10,003,750	8,737,911	14.5%
Restricted	-	-		1,398,191	2,972,672	(53.0)%
Unrestricted	<u>1,486,188</u>	<u>2,053,727</u>	(27.6)%	<u>(20,695,041)</u>	<u>(20,476,020)</u>	1.1%
Total net assets	<u>\$ 9,591,098</u>	<u>\$ 8,709,723</u>	10.1%	<u>\$ (9,293,100)</u>	<u>\$ (8,765,437)</u>	6.0%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Normal Impacts

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

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

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

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

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

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

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

Current Year Impacts

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the village, total net assets decreased by \$527,663 from a deficit of \$8,765,437 to a deficit of \$9,293,100. The village's total assets equal \$34,071,795. The village's total liabilities equal \$43,364,895.

The village experienced decreased current and other assets as the cost of operating the village continues to increase while revenues have remained fairly consistent.

The deficit in unrestricted net assets 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 \$18,080,434 as of the end of the fiscal year. These bonds did not produce a capital asset that is owned by the village, and even though the debt is payable from the incremental taxes generated by the TIF, the bonds are, nonetheless, required to be reported as a liability of the village.

A portion of the net assets of the governmental activities is restricted for street maintenance, road improvements, drug enforcement, and community development. The unrestricted combined balance, for both governmental and business-type activities, was a deficit of \$20,695,041.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Table 2
Condensed Statements of Activities
(In actual dollars)

	Governmental Activities		
	2011	2010	Change
Revenues			
Charges for services	\$ 556,520	\$ 572,410	(2.8)%
Operating grants and contributions	120,219	486,735	(75.3)%
Taxes	6,300,782	4,755,507	32.5%
Other general revenues	<u>604,045</u>	<u>91,503</u>	560.1%
Total revenues	<u>7,581,566</u>	<u>5,906,155</u>	28.4%
Expenses			
General government	2,595,413	2,421,967	7.2%
TIF economic development	1,746,348	295,321	491.3%
Public safety	4,228,278	4,033,074	4.8%
Public works	459,993	469,963	(2.1)%
Interest on long term debt	<u>707,463</u>	<u>537,832</u>	31.5%
Total expenses	<u>9,737,495</u>	<u>7,758,157</u>	25.5%
Transfers	<u>746,891</u>	<u>409,712</u>	82.3%
Change in net assets	(1,409,038)	(1,442,290)	(2.3)%
Net assets, beginning of year	<u>(17,475,160)</u>	<u>(16,032,870)</u>	9.0%
Net assets, end of year	<u>\$ (18,884,198)</u>	<u>\$ (17,475,160)</u>	8.1%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Table 2
Condensed Statements of Activities
(in actual dollars)

	<u>Business-Type Activities</u>				<u>Total</u>	
	2011	2010	Change	2011	2010	Change
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 7,537,265	\$ 7,526,376	0.1%	\$ 8,093,785	\$ 8,098,786	(0.1)%
Operating grants and contributions	-	-		120,219	486,735	(75.3)%
<i>General revenues</i>						
Other taxes	-	-		6,300,782	4,755,507	32.5%
Other general revenues	570	5,201	(89.0)%	604,615	96,704	525.2%
Total revenues	7,537,835	7,531,577	0.1%	15,119,401	13,437,732	12.5%
Expenses						
General government	-	-		2,595,413	2,421,967	7.2%
TIF economic development	-	-		1,746,348	295,321	491.3%
Public safety	-	-		4,228,278	4,033,074	4.8%
Public works	-	-		459,993	469,963	(2.1)%
Interest on long term debt - GA	-	-		707,463	537,832	31.5%
Water	5,075,570	5,215,955	(2.7)%	5,075,570	5,215,955	(2.7)%
Athletics and exposition	2,345,800	2,448,233	(4.2)%	2,345,800	2,448,233	(4.2)%
Sewer	4,950	2,000	147.5%	4,950	2,000	147.5%
Total expenses	7,426,320	7,666,188	-3.1%	17,163,815	15,424,345	11.3%
Change in net assets before transfers, special and extraordinary items	111,515	(134,611)	(182.8)%	(2,044,414)	(1,986,613)	2.9%
Transfers/contributions	769,860	(409,712)	(287.9)%	1,516,751	-	
Change in net assets	881,375	(544,323)	(261.9)%	(527,663)	(1,986,613)	(73.4)%
Net assets, beginning of year	8,709,723	9,254,046	(5.9)%	(8,765,437)	(6,778,824)	29.3%
Net assets, end of year	\$ 9,591,098	\$ 8,709,723	10.1%	\$ (9,293,100)	\$ (8,765,437)	6.0%

Normal Impacts

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

Revenues

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

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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

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

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

Expenses

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

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

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

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

Current Year Impacts

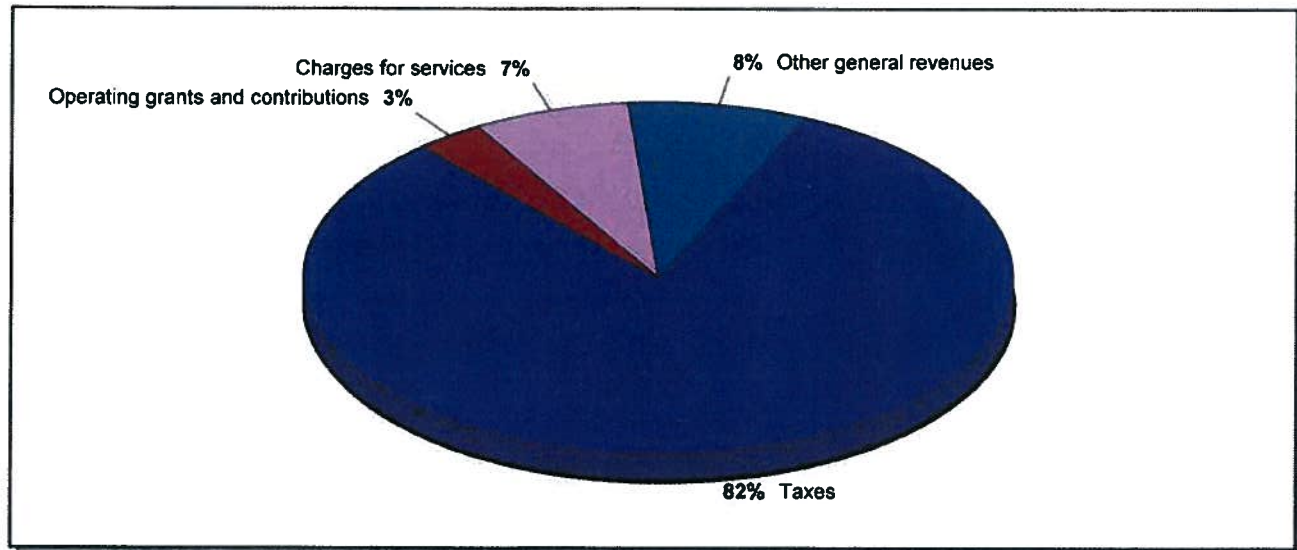
The Governmental Activities experienced an increase in revenue due to an increase in miscellaneous revenues related to a 6b property classification agreement. The village also recognized an increase in property taxes, primarily related to the TIF district. The village saw an increase in expenses as TIF economic development activity increased. As a result, net assets decreased to a deficit of \$9,293,100 as compared to a deficit of \$8,765,437 in the prior fiscal year. The village's decrease in net assets indicate that the financial position has deteriorated since the prior fiscal year.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Governmental Activities

Governmental Revenues by Source



Revenues

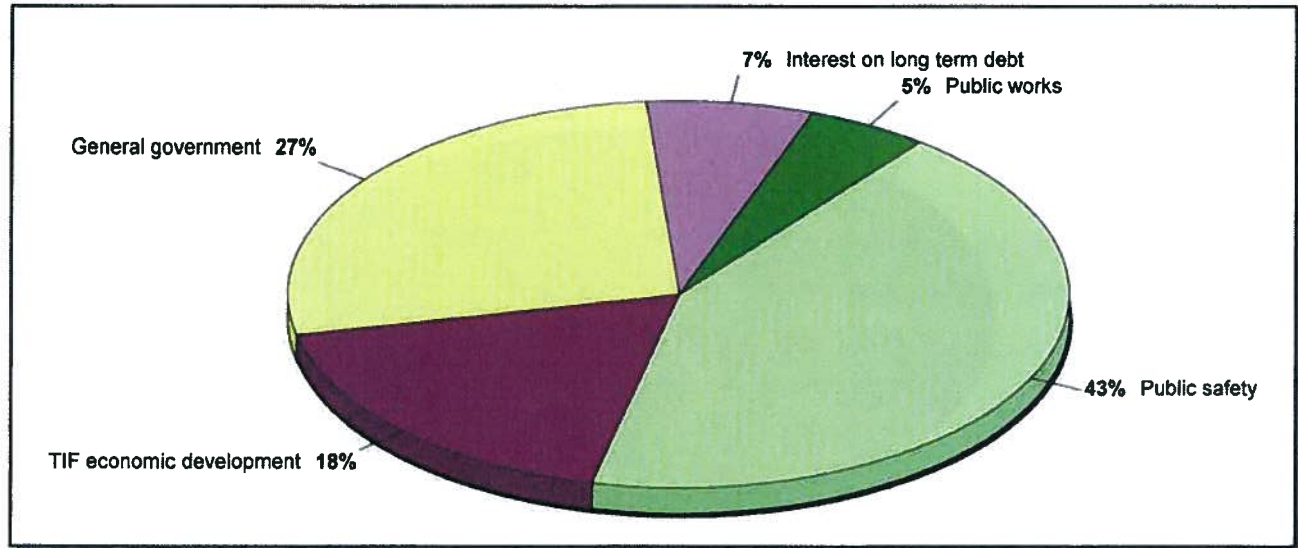
The village has a large industrial base. In Illinois, large corporations have recently been successful at reducing their assessed valuations on which their real estate tax levies are based. The process to reduce these assessments or file and resolve other tax disputes can take years to wind their way through County and State boards and courts. The 2010 levy is collected in 2011. 2011 is the fifth year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected approximately \$2.2 million within the TIF District during the year. This represents an increase from the prior year resulting from prior year estimates being significantly lower than actual collections. The village also began collecting property taxes for the Joliet Road TIF in 2009, making 2011 the third year with collections from the TIF. 2011 collections totaled approximately \$171,000.

The business-type activity of the Village of McCook includes the Water Department, Sewer Department and McCook Athletic and Exposition Center (Max). The Water Department serves the Village of McCook residents and businesses, along with providing water to the Villages of Hodgkins, Riverside, Indian Head Park, Countryside and LaGrange. Pricing for water is based on a schedule set by the village and reflects increases as passed along from the village's supplier, the City of Chicago. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The City of Chicago has annually adjusted rates and this adjustment is passed along to village customers. The operating revenues of the Water Department decreased by about \$62,000 as a result of a decrease in usage. The operating revenues of the Max increased by approximately \$72,000 due to increased usage.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

Governmental Expenses by Function



Expenses

On the expense side, the capital outlay expenses increased by approximately \$1.3 million due to the 1st Avenue TIF Fund incurring the investment for the MAX expansion project.

The expenses for business-type activities decreased approximately \$250,000 due to the decreased personnel and contractual services.

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 \$161,525, which is a decrease of \$1,304,322 from fiscal year 2010. The expenditures have continued to exceed the revenues in the governmental funds 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 income for the Water Department increased in 2011 by approximately \$78,500 from the prior year. This resulted from reduced operating costs. The net income for the Water Fund for fiscal 2011 was \$673,244 before consideration of non-operating revenues and expenses and transfers.

Operations for the Max Fund caused a modest profit for 2011, but total net assets increased by \$983,390 because of a capital contribution from the 1st Avenue TIF Fund made during the year. The Max Fund finished the year with deficit net assets of \$670,169. The net assets of all proprietary funds at the end of fiscal 2011 equaled \$9,591,098, of which \$1,486,188 is unrestricted. Transfers to the General Fund from the Water Fund totaled \$785,000.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

General Fund Budgetary Highlights

The original budget was not amended during the year. The actual revenues exceeded projected total revenues in the General Fund by approximately \$624,000 for the year ended December 31, 2011. The excess is due mostly to a \$500,000 class 6b property classification fee that was granted to a property owner within the Village.

The actual expenditures for fiscal 2011 were less than budget by approximately \$1,480,000, a result of an attempt to adjust spending to projected revenues. Additional amounts were transferred from the Water Fund and 1st Ave TIF Fund to ease the projected deficit in the General Fund. The General Fund balance as of December 31, 2011 is a deficit \$364,090.

Capital Assets and Debt Administration

Capital assets

By the end of 2011, the village had compiled a total investment of \$34,300,174 (\$21,800,863 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 \$830,460. More detailed information about capital assets can be found in Note III D. of the basic financial statements.

Table 3			
Capital Assets (net of depreciation)			
(In actual dollars)			
	Governmental Activities		
	2011	2010	Change
Land	\$ 67,488	\$ 67,488	
Land improvements	4,052	4,456	(9.1)%
Buildings and building improvements	747,688	772,485	(3.2)%
Vehicles	334,706	344,301	(2.8)%
Machinery and equipment	304,798	359,854	(15.3)%
Infrastructure	440,108	533,331	(17.5)%
Total	\$ 1,898,840	\$ 2,081,915	(8.8)%

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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

	<u>Business-Type Activities</u>			<u>Total</u>		
	2011	2010	Change	2011	2010	Change
Land	\$ -	\$ -		\$ 67,488	\$ 67,488	
Land Improvements	-	-		4,052	4,456	(9.1)%
Buildings and building improvements	12,226,353	12,497,235	(2.2)%	12,974,041	13,269,720	(2.2)%
Construction in progress	1,516,751	-		1,516,751	-	
Vehicles	53,440	63,156	(15.4)%	388,146	407,457	(4.7)%
Machinery and equipment	784,260	892,803	(12.2)%	1,089,058	1,252,657	(13.1)%
Infrastructure	<u>5,321,219</u>	<u>5,491,133</u>	(3.1)%	<u>5,761,327</u>	<u>6,024,464</u>	(4.4)%
Total	<u>\$ 19,902,023</u>	<u>\$ 18,944,327</u>	5.1%	<u>\$ 21,800,863</u>	<u>\$ 21,026,242</u>	3.7%

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 \$18,080,434 in TIF bonds, \$313,661 vested compensated absences, \$1,158,644 net pension obligation, and \$1,753,393 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 \$21,306,132 at December 31, 2011.

The village's business-type activities debt includes \$14,442,200 of general obligation debt, \$78,861 vested compensated absences, and \$482,836 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 G. to the financial statement.

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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.

The village will be undertaking a restructuring program in its General Fund to eliminate the current deficit and build a \$2 million fund balance, which will also offset the current deficit in the E-911 Fund.

The deficit in the MAX Fund should narrow in coming years through expansion that will provide greater revenue to offset losses with the goal of breaking even.

All of the local economic factors, revenue projections, and analysis of village expenditures are being factored into fiscal 2012 budget plans.

Requests for Information

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

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

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VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS DECEMBER 31, 2011

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 2,191,388	\$ 1,884,838	\$ 4,076,226
Investments - certificates of deposits with banks	253,024	400,714	653,738
Receivables (net)			
Real estate taxes	5,034,656	-	5,034,656
Accounts	-	436,478	436,478
Other	45,249	-	45,249
Due from other governments	172,902	-	172,902
Restricted cash and investments	439,183	-	439,183
Prepaid items	68,217	-	68,217
Internal balances	(2,636,362)	2,636,362	-
Deferred charges	361,569	185,637	547,206
Deferred outflow	797,077	-	797,077
Capital assets (net of accumulated depreciation)			
Land	67,488	-	67,488
Construction in progress	-	1,516,751	1,516,751
Land improvements	4,052	-	4,052
Buildings and building improvements	747,688	12,226,353	12,974,041
Machinery and equipment	304,798	784,260	1,089,058
Infrastructure	440,108	5,321,219	5,761,327
Vehicles	334,706	53,440	388,146
Total Assets	<u>8,625,743</u>	<u>25,446,052</u>	<u>34,071,795</u>
LIABILITIES			
Water deposits/overpayments	-	2,023	2,023
Accounts payable	670,361	557,624	1,227,985
Accrued salaries	125,593	29,241	154,834
Payroll liabilities	62,205	-	62,205
Accrued interest payable	-	60,237	60,237
Unearned revenue	4,548,573	201,932	4,750,505
Derivative liability	797,077	-	797,077
Noncurrent liabilities			
Due within one year	917,670	279,002	1,196,672
Due in more than one year	<u>20,388,462</u>	<u>14,724,895</u>	<u>35,113,357</u>
Total Liabilities	<u>27,509,941</u>	<u>15,854,954</u>	<u>43,364,895</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,898,840	8,104,910	10,003,750
Restricted for			
Highways and streets	42,750	-	42,750
Public safety	439,184	-	439,184
Community development	916,257	-	916,257
Unrestricted (deficit)	<u>(22,181,229)</u>	<u>1,486,188</u>	<u>(20,695,041)</u>
TOTAL NET ASSETS	<u>\$ (18,884,198)</u>	<u>\$ 9,591,098</u>	<u>\$ (9,293,100)</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 2,595,413	\$ 378,884	\$ -
Public safety	4,228,278	177,636	114,118
Public works	459,993	-	6,101
TIF economic development	1,746,348	-	-
Interest on long term debt	<u>707,463</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>9,737,495</u>	<u>556,520</u>	<u>120,219</u>
Business-type Activities			
Water	5,075,570	5,748,814	-
Sewer	4,950	14,375	-
Athletics and exposition	<u>2,345,800</u>	<u>1,774,076</u>	<u>-</u>
Total Business-type Activities	<u>7,426,320</u>	<u>7,537,265</u>	<u>-</u>
 Total	 <u>\$ 17,163,815</u>	 <u>\$ 8,093,785</u>	 <u>\$ 120,219</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
Contributions in aid of construction
Transfers

Total General Revenues and Transfers

Change in net assets

NET ASSETS (Deficit) - Beginning of Year

NET ASSETS (DEFICIT) - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,216,529)	\$ -	\$ (2,216,529)
(3,936,524)	-	(3,936,524)
(453,892)	-	(453,892)
(1,746,348)	-	(1,746,348)
<u>(707,463)</u>	<u>-</u>	<u>(707,463)</u>
<u>(9,060,756)</u>	<u>-</u>	<u>(9,060,756)</u>
-	673,244	673,244
-	9,425	9,425
-	<u>(571,724)</u>	<u>(571,724)</u>
-	<u>110,945</u>	<u>110,945</u>
<u>(9,060,756)</u>	<u>110,945</u>	<u>(8,949,811)</u>
4,687,618	-	4,687,618
482,095	-	482,095
17,334	-	17,334
606,308	-	606,308
50,404	-	50,404
177,095	-	177,095
37,570	-	37,570
40,000	-	40,000
114,988	-	114,988
5,890	-	5,890
81,480	-	81,480
25,457	570	26,027
21,685	-	21,685
556,903	-	556,903
-	1,516,751	1,516,751
<u>746,891</u>	<u>(746,891)</u>	<u>-</u>
<u>7,651,718</u>	<u>770,430</u>	<u>8,422,148</u>
(1,409,038)	881,375	(527,663)
<u>(17,475,160)</u>	<u>8,709,723</u>	<u>(8,765,437)</u>
<u>\$ (18,884,198)</u>	<u>\$ 9,591,098</u>	<u>\$ (9,293,100)</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2011

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,013,271	\$ 178,117	\$ 2,191,388
Investments - certificates of deposits with banks	253,024	-	-	253,024
Receivables (net)				
Real estate taxes	2,408,056	1,960,000	166,600	4,534,656
Other	545,249	-	-	545,249
Restricted cash and investments	439,183	-	-	439,183
Prepaid items	68,217	-	-	68,217
Due from other governments	172,902	-	-	172,902
Due from other funds	1,244,970	-	20,190	1,265,160
Interfund advances	191,207	-	-	191,207
TOTAL ASSETS	\$ 5,322,808	\$ 3,973,271	\$ 364,907	\$ 9,660,986
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 98,605	\$ 571,750	\$ 6	\$ 670,361
Accrued salaries	125,593	-	-	125,593
Payroll liabilities	62,205	-	-	62,205
Due to other funds	2,978,522	923,000	-	3,901,522
Deferred revenues	2,421,973	1,960,000	166,600	4,548,573
Interfund advances	-	-	191,207	191,207
Total Liabilities	<u>5,686,898</u>	<u>3,454,750</u>	<u>357,813</u>	<u>9,499,461</u>
Fund Balances (Deficit)				
Nonspendable for prepaid expenditures	68,217	-	-	68,217
Nonspendable for advances to other funds and non-current receivables	191,207	-	-	191,207
Restricted for drug enforcement	439,184	-	-	439,184
Restricted for tax increment financing	-	518,521	36,167	554,688
Restricted for motor fuel tax proceeds	-	-	42,750	42,750
Unassigned	(1,062,698)	-	(71,823)	(1,134,521)
Total Fund Balances (deficit)	<u>(364,090)</u>	<u>518,521</u>	<u>7,094</u>	<u>161,525</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,322,808	\$ 3,973,271	\$ 364,907	\$ 9,660,986

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2011

Total Fund Balances - Governmental Funds	\$	161,525
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III D.	1,898,840
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Deferred charges included in the statement of net assets are not available to pay for current period expenditures and, therefore, are not included in the governmental funds balance sheet.	361,569
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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 payable	(18,080,434)
Compensated absences	(313,661)
Net pension obligation	(1,158,644)
Net OPEB obligation	<u>(1,753,393)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (18,884,198)</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, 2011

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 3,939,651	\$ 2,190,553	\$ 170,578	\$ 6,300,782
Intergovernmental	114,118	-	6,101	120,219
Licenses, permits and fees	425,006	-	1,958	426,964
Fines and police reports	134,143	-	-	134,143
Investment income	3,719	17,802	3,936	25,457
Miscellaneous	574,001	-	-	574,001
Total Revenues	<u>5,190,638</u>	<u>2,208,355</u>	<u>182,573</u>	<u>7,581,566</u>
EXPENDITURES				
Current				
General government	2,511,047	-	-	2,511,047
Public safety	3,322,046	-	4,715	3,326,761
Public works	298,592	-	-	298,592
TIF economic development	-	297,542	104,248	401,790
Debt Service				
Principal retirement	-	735,000	189,566	924,566
Interest and other	-	587,353	90,000	677,353
Capital Outlay	148,112	1,344,558	-	1,492,670
Total Expenditures	<u>6,279,797</u>	<u>2,964,453</u>	<u>388,529</u>	<u>9,632,779</u>
Excess (deficiency) of revenues over expenditures	<u>(1,089,159)</u>	<u>(756,098)</u>	<u>(205,956)</u>	<u>(2,051,213)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,152,000	-	-	1,152,000
Transfers out	-	(394,109)	(11,000)	(405,109)
Total Other Financing Sources (Uses)	<u>1,152,000</u>	<u>(394,109)</u>	<u>(11,000)</u>	<u>746,891</u>
Net Change in Fund Balances	62,841	(1,150,207)	(216,956)	(1,304,322)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(426,931)</u>	<u>1,668,728</u>	<u>224,050</u>	<u>1,465,847</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (364,090)</u>	<u>\$ 518,521</u>	<u>\$ 7,094</u>	<u>\$ 161,525</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, 2011

Net change in fund balances - total governmental funds	\$ (1,304,322)
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	103,839
Depreciation is reported in the government-wide financial statements	(268,196)
Net book value of assets retired	(18,718)

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

Amortization	(30,110)
--------------	----------

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	(45,446)
Net OPEB obligation	(554,325)
Net Pension Obligation	(216,326)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

	<u>924,566</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,409,038)</u>
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VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 175,058	\$ 1,384,339	\$ 325,441
Investments - certificates of deposits with banks	300,714	-	100,000
Receivables (net)			
Accounts	435,383	-	1,095
Due from other funds	2,958,332	-	-
Unamortized debt issuance expenses	-	185,637	-
Total Current Assets	<u>3,869,487</u>	<u>1,569,976</u>	<u>426,536</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Buildings and improvements	1,423,454	10,802,899	-
Vehicles	53,440	-	-
Machinery and equipment	43,200	741,060	-
Infrastructure	5,321,219	-	-
Construction in progress	-	1,516,751	-
Total Non-Current Assets	<u>6,841,313</u>	<u>13,060,710</u>	<u>-</u>
Total Assets	<u>10,710,800</u>	<u>14,630,686</u>	<u>426,536</u>
LIABILITIES			
Current Liabilities			
Water deposits/overpayments	2,023	-	-
Accounts payable	518,787	38,837	-
Accrued salaries	13,951	15,290	-
Accrued interest	-	60,237	-
Unearned revenue	-	201,932	-
Due to other funds	-	321,970	-
Total Current Liabilities	<u>534,761</u>	<u>638,266</u>	<u>-</u>
Non-Current Liabilities			
Long-Term Debt			
Due within one year	34,694	244,308	-
Due in more than one year	<u>306,614</u>	<u>14,418,281</u>	<u>-</u>
Total Liabilities	<u>876,069</u>	<u>15,300,855</u>	<u>-</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,841,313	1,263,597	-
Unrestricted (deficit)	<u>2,993,418</u>	<u>(1,933,766)</u>	<u>426,536</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ 9,834,731</u>	<u>\$ (670,169)</u>	<u>\$ 426,536</u>

See accompanying notes to financial statements.

<u>Totals</u>
\$ 1,884,838
400,714
436,478
2,958,332
<u>185,637</u>
<u>5,865,999</u>
12,226,353
53,440
784,260
5,321,219
<u>1,516,751</u>
<u>19,902,023</u>
<u>25,768,022</u>
2,023
557,624
29,241
60,237
201,932
<u>321,970</u>
<u>1,173,027</u>
279,002
<u>14,724,895</u>
<u>16,176,924</u>
8,104,910
<u>1,486,188</u>
<u>\$ 9,591,098</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
OPERATING REVENUES			
Water charges	\$ 5,745,663	\$ -	\$ -
Late charges	3,151	-	-
Sewer charges	-	-	14,375
Rentals and sales	-	1,774,086	-
Total Operating Revenues	<u>5,748,814</u>	<u>1,774,086</u>	<u>14,375</u>
OPERATING EXPENSES			
Personnel services	480,727	502,619	-
Contractual services	4,055,592	481,093	4,950
Supplies	19,364	151,569	-
Repairs and maintenance	5,431	17,242	-
Electricity	273,393	101,886	-
Depreciation	237,151	325,113	-
Other charges	3,912	16,374	-
Total Operating Expenses	<u>5,075,570</u>	<u>1,595,896</u>	<u>4,950</u>
Operating Income	<u>673,244</u>	<u>178,190</u>	<u>9,425</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	316	254	-
Bond interest expense	-	(749,914)	-
Total Nonoperating Revenues (Expenses)	<u>316</u>	<u>(749,660)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>673,560</u>	<u>(571,470)</u>	<u>9,425</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	1,516,751	-
Transfers in	-	38,109	-
Transfers out	(785,000)	-	-
Total Contributions and Transfers	<u>(785,000)</u>	<u>1,554,860</u>	<u>-</u>
Change in Net Assets	(111,440)	983,390	9,425
NET ASSETS (DEFICIT) - Beginning of Year	<u>9,946,171</u>	<u>(1,653,559)</u>	<u>417,111</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 9,834,731</u>	<u>\$ (670,169)</u>	<u>\$ 426,536</u>

See accompanying notes to financial statements.

<u>Totals</u>
\$ 5,745,663
3,151
14,375
<u>1,774,086</u>
<u>7,537,275</u>
983,346
4,541,635
170,933
22,673
375,279
562,264
<u>20,286</u>
<u>6,676,416</u>
<u>860,859</u>
570
<u>(749,914)</u>
<u>(749,344)</u>
<u>111,515</u>
1,516,751
38,109
<u>(785,000)</u>
<u>769,860</u>
881,375
<u>8,709,723</u>
<u>\$ 9,591,098</u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 5,753,839	\$ 1,805,833	\$ 14,321
Paid to suppliers for goods and services	(4,308,328)	(817,693)	(4,950)
Paid to employees for services	(379,215)	(415,628)	-
Net Cash Flows From Operating Activities	<u>1,066,296</u>	<u>572,512</u>	<u>9,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	316	254	-
(Purchase) of investment securities	(316)	-	-
Net Cash Flows From Investing Activities	<u>-</u>	<u>254</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers - in from (out to) other funds	(785,000)	38,109	-
Interfund borrowing / (lending)	(439,189)	247,813	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,224,189)</u>	<u>285,922</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	-	(200,000)	-
Interest paid	-	(730,845)	-
Acquisition and construction of capital assets	-	(3,209)	-
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>(934,054)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(157,893)	(75,366)	9,371
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>332,951</u>	<u>1,459,705</u>	<u>316,070</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 175,058</u>	<u>\$ 1,384,339</u>	<u>\$ 325,441</u>

See accompanying notes to financial statements.

<u>Totals</u>	
\$ 7,573,993	
(5,130,971)	
<u>(794,843)</u>	
<u>1,648,179</u>	
570	
<u>(316)</u>	
<u>254</u>	
(746,891)	
<u>(191,376)</u>	
<u>(938,267)</u>	
(200,000)	
(730,845)	
<u>(3,209)</u>	
<u>(934,054)</u>	
(223,888)	
<u>2,108,726</u>	
<u>\$ 1,884,838</u>	

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 673,244	\$ 178,190	\$ 9,425
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	237,151	325,113	-
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	3,002	-	(54)
Increase (decrease) in accounts payable	49,364	(49,529)	-
Increase in accrued salaries	1,731	15,290	-
Increase (decrease) in compensated absences	14,548	(5,618)	-
Increase in net OPEB obligation	85,233	77,319	-
Increase in water deposits/overpayments	2,023	-	-
Increase in unearned revenue	-	31,747	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,066,296</u>	<u>\$ 572,512</u>	<u>\$ 9,371</u>
NONCASH TRANSACTIONS			
Capital contributions	<u>\$ -</u>	<u>\$ 1,516,751</u>	<u>\$ -</u>

See accompanying notes to financial statements.

<u>Totals</u>	
\$	860,859
	562,264
	2,948
	(165)
	17,021
	8,930
	162,552
	2,023
	<u>31,747</u>
\$	<u><u>1,648,179</u></u>

VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2011

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 964,417
Investments - certificates of deposits with banks	197,624
Investments - other, at fair value	6,138,742
Interest receivable	<u>3,715</u>
Total Assets	<u>7,304,498</u>
LIABILITIES	
NET ASSETS	
Held in trust for pension benefits	<u>7,304,498</u>
TOTAL NET ASSETS	<u><u>\$ 7,304,498</u></u>

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Pension Trusts</u>
ADDITIONS	
Employee contributions	\$ 136,132
Employer contributions	<u>280,000</u>
Total	<u>416,132</u>
Investment income:	
Bank deposits	6,197
Government securities	14,259
Insurance contracts	26,619
Net depreciation in fair value of investments	<u>(130,344)</u>
Total Investment Income	<u>(83,269)</u>
Total Additions	<u>332,863</u>
DEDUCTIONS	
Payments to participants	567,369
Payments to beneficiaries	144,031
Administrative	<u>14,666</u>
Total Deductions	<u>726,066</u>
Change in Net Assets	(393,203)
NET ASSETS - Beginning of Year	<u>7,697,701</u>
NET ASSETS - END OF YEAR	<u>\$ 7,304,498</u>

See accompanying notes to financial statements.

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VILLAGE OF MCCOOK

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VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of McCook, Illinois (the "village") was incorporated in 1926. The village is a non 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 of McCook. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Blended Component Units

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

A. REPORTING ENTITY (cont.)

Blended Component Unit (cont.)

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

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

The village reports the following major governmental funds:

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

The village reports the following major enterprise funds:

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

The village reports the following nonmajor governmental and enterprise funds:

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

Motor Fuel Tax Fund
Joliet Road TIF Fund

911 E.T.S. Fund

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

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

Fund Financial Statements (cont.)

The village reports the following non-major governmental and enterprise funds: (cont.)

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

Sewer Fund

In addition, the village reports the following fund types:

Pension (and other employee benefit) trust funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Police Pension Fund

Firefighters' Pension Fund

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

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

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

Fund Financial Statements

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

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

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

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

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

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

Fund Financial Statements (cont.)

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

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

1. Deposits and Investments (cont.)

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The village's and pensions' investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The village's and police pension's policy further states that up to 35% of the market value of the portfolio's present net assets 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 December 31, 2011

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk - 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 2011 attaches as an enforceable lien on January 1, 2011, 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 2011 tax levy, which attached as an enforceable lien on the property as of January 1, 2011, has been recorded as a receivable as of December 31, 2011.

Tax bills for levy year 2011 are prepared by the Cook County Collector and are payable in two installments, due on March 1, 2012 and on or around August 1, 2012 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2011 property tax levy is recognized as a receivable and deferral in fiscal 2011, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2011, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2011 levy plus remaining 2010 collections.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

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

2. Receivables (cont.)

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent (\$92,544) of outstanding property taxes at December 31, 2011.

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

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

3. Capital Assets

Government-Wide Statements

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

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

3. Capital Assets (cont.)

Fund Financial Statements

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

4. Compensated Absences

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

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

5. Long-Term Obligations

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

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

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

6. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

7. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the village classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not expendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints place 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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

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

7. Equity Classifications (cont.)

Fund Statements (cont.)

- 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 (ordinance, resolution, motion) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through actions of the Village Board. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed are assigned.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

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

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

A. BUDGETARY INFORMATION (cont.)

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.

B. DEFICIT BALANCES

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

As of December 31, 2011, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General	\$ 364,090	Accumulation of expenditures exceeding revenues in prior years
911 E.T.S.	71,823	Carryforward of the initial start up cost of the 911 System
Max	670,169	Start up cost associated with the purchase of the MAX and expenditures exceeded revenues during the year.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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	\$ 4,744,324	\$ 4,884,747	Custodial credit risk - deposits
U.S. agencies	9,729	9,729	Custodial credit risk - investments; Credit risk; Interest rate risk
Insurance contracts	5,917,888	5,917,888	Concentration of credit risk; Credit risk
State and local obligations	211,124	211,124	Custodial credit risk - investments; Credit risk; Interest rate risk; Concentration of credit risk
Illinois Funds	323,196	323,196	Interest rate risk; Credit risk
Money markets	1,258,974	1,258,974	Interest rate risk
Petty cash	4,695	-	N/A
Total Deposits and Investments	<u>\$ 12,469,930</u>	<u>\$ 12,605,658</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and cash equivalents	\$ 4,076,226		
Restricted cash and investments	439,183		
Investments - certificates of deposits with banks	653,738		
Per statement of net assets- fiduciary funds			
Cash and cash equivalents	964,417		
Investments - certificates of deposits with banks	197,624		
Investments - other	<u>6,138,742</u>		
Total Deposits and Investments	<u>\$ 12,469,930</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), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

Custodial Credit Risk

Deposits

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

As of December 31, 2011, \$1,884,316 of the village's total bank balances were exposed to custodial credit risk as follows:

Primary government uninsured and uncollateralized	<u>\$ 1,884,316</u>
Total	<u><u>\$ 1,884,316</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, 2011, the village's investments were rated as follows:

<u>Investment Type</u>	<u>Composite Ratings</u>
Illinois Funds	AAAm
U.S. agency obligations	AAA
Municipal bonds	AA
Insurance contracts	Not rated

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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 assets 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 % of the pension's net assets. The firefighters' pension investment policy does not specifically address these risks.

At December 31, 2011, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Assets
John Hancock Life Insurance	Separate contract	59.28%
Jackson National Life Insurance	General contract	19.74%

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, 2011, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)
		Less than 1
Money Market Fund	\$ 1,258,974	\$ 1,258,974
Totals	\$ 1,258,974	\$ 1,258,974

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	\$ 211,124	\$ -	\$ 41,949	\$ -	\$ 169,175
US Agencies - GNMA	9,729	-	-	-	9,729
Totals	\$ 220,853	\$ -	\$ 41,949	\$ -	\$ 178,904

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

B. RECEIVABLES

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

	General Fund	1st Avenue TIF Fund	Water Fund	Nonmajor and Other Funds	Totals
Receivables					
Property Taxes	\$ 2,457,200	\$ 2,000,000	\$ -	\$ 170,000	\$ 4,627,200
Water Billings	-	-	435,383	-	435,383
Sewer Billings	-	-	-	1,095	1,095
Mineral/Prd Sales/Use	1,442	-	-	-	1,442
Dumping Tax	1,372	-	-	-	1,372
Waste Tax	21,030	-	-	-	21,030
Other	521,405	-	-	3,715	525,120
Gross receivables	3,002,449	2,000,000	435,383	174,810	5,612,642
Less: Allowance for uncollectibles	(49,144)	(40,000)	-	(3,400)	(92,544)
Net Total Receivables	<u>\$ 2,953,305</u>	<u>\$ 1,960,000</u>	<u>\$ 435,383</u>	<u>\$ 171,410</u>	<u>\$ 5,520,098</u>

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

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

	Unearned
Property taxes receivable for subsequent year	\$ 4,534,656
Rental revenue	<u>13,917</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 4,548,573</u>

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

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.

Joliet Road TIF Certificates of Deposit

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 67,488	\$ -	\$ -	\$ 67,488
Total Capital Assets Not Being Depreciated/ Amortized	67,488	-	-	67,488
Capital assets being depreciated				
Land improvements	\$ 91,950	\$ -	\$ -	\$ 91,950
Buildings	1,191,560	-	-	1,191,560
Machinery and equipment	964,005	9,150	-	973,155
Infrastructure	3,091,607	-	-	3,091,607
Vehicles	1,420,993	94,689	39,791	1,475,891
Total Capital Assets Being Depreciated	6,760,115	103,839	39,791	6,824,163
Total Capital Assets	6,827,603	103,839	39,791	6,891,651

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	(87,495)	(403)	-	(87,898)
Buildings	(419,075)	(24,797)	-	(443,872)
Machinery and equipment	(604,151)	(64,206)	-	(668,357)
Infrastructure	(2,558,276)	(93,223)	-	(2,651,499)
Vehicles	(1,076,691)	(85,567)	21,073	(1,141,185)
Total Accumulated Depreciation	<u>(4,745,688)</u>	<u>(268,196)</u>	<u>21,073</u>	<u>(4,992,811)</u>
Net Capital Assets Being Depreciated	<u>2,014,427</u>	<u>(164,357)</u>	<u>18,718</u>	<u>1,831,352</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,081,915</u>	<u>\$ (164,357)</u>	<u>\$ 18,718</u>	<u>\$ 1,898,840</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

Administration	\$ 16,481
Public safety	122,661
Public works, which includes the depreciation of infrastructure	<u>129,054</u>
Total Governmental Activities Depreciation Expense	<u>\$ 268,196</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciation				
Construction in progress	\$ -	\$ 1,516,751	\$ -	\$ 1,516,751
Total Capital Assets Not Being Depreciated/ Amortized	<u>-</u>	<u>1,516,751</u>	<u>-</u>	<u>1,516,751</u>
Capital assets being depreciated				
Buildings and improvements	\$ 13,919,918	\$ -	\$ -	\$ 13,919,918
Machinery and equipment	1,360,932	3,209	-	1,364,141
Vehicles	313,383	-	-	313,383
Infrastructure	<u>10,294,330</u>	<u>-</u>	<u>-</u>	<u>10,294,330</u>
Total Capital Assets Being Depreciated/Amortized	<u>25,888,563</u>	<u>3,209</u>	<u>-</u>	<u>25,891,772</u>
Total Capital Assets	<u>25,888,563</u>	<u>1,519,960</u>	<u>-</u>	<u>27,408,523</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities (cont.)				
Less: Accumulated depreciation for				
Buildings and improvements	(1,422,683)	(270,882)	-	(1,693,565)
Machinery and equipment	(468,129)	(111,752)	-	(579,881)
Vehicles	(250,227)	(9,716)	-	(259,943)
Infrastructure	(4,803,197)	(169,914)	-	(4,973,111)
Total Accumulated Depreciation/Amortization	(6,944,236)	(562,264)	-	(7,506,500)
Net Capital Assets Being Depreciated	18,944,327	(559,055)	-	18,385,272
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,944,327</u>	<u>\$ 957,696</u>	<u>\$ -</u>	<u>\$ 19,902,023</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 237,151
Athletic and Exposition	<u>325,113</u>
Total Business-type Activities Depreciation Expense	<u>\$ 562,264</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Water	General	\$ 2,958,332
Non-major Governmental Fund	General	20,190
General	MAX	321,970
General	1st Avenue TIF	<u>923,000</u>
Total - Fund Financial Statements		4,223,492
Less: Government-wide eliminations		<u>(1,587,130)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u><u>\$ 2,636,362</u></u>

All amounts are due within one year.

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

The due from/to balance between the MAX Fund and the General Fund relates to the reimbursement of payroll expenses for MAX staff.

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

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

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

Advances

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

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

Advances (cont.)

The following is a schedule of interfund advances:

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Water	\$ 785,000	Operating expenses
General	1st Avenue TIF	356,000	Administrative expenses and credit for interest rate subsidy
General	Non-major Governmental Fund	11,000	Administrative expenses
MAX	1st Avenue TIF	38,109	Community development expenses
Total - Fund Financial Statements		1,190,109	
Less: Government-wide eliminations		(443,218)	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 746,891</u>	

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

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

Transfers (cont.)

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

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

F. SHORT-TERM DEBT ACTIVITY

In 2006, the Village established an unsecured line of credit with a local bank in the amount of \$1,250,000. The line of credit is used to finance working capital of the Village as needed. The line accrues interest at the Republic Bank's floating Prime Rate. The line was most recently renewed for a decreased amount of \$750,000, which expires April 20, 2012. At December 31, 2011 and throughout the year, no amounts were drawn against the line of credit.

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Tax increment financing bonds	\$ 19,005,000	\$ -	\$ 924,566	\$ 18,080,434	\$ 770,000
Sub-totals	<u>19,005,000</u>	<u>-</u>	<u>924,566</u>	<u>18,080,434</u>	<u>770,000</u>
Other Liabilities					
Vested compensated absences	268,215	206,042	160,596	313,661	147,670
Net pension obligation	942,318	216,326	-	1,158,644	-
Net OPEB obligation	1,199,068	554,325	-	1,753,393	-
Total Other Liabilities	<u>2,409,601</u>	<u>976,693</u>	<u>160,596</u>	<u>3,225,698</u>	<u>147,670</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 21,414,601</u>	<u>\$ 976,693</u>	<u>\$ 1,085,162</u>	<u>\$ 21,306,132</u>	<u>\$ 917,670</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 14,710,000	\$ -	\$ 200,000	\$ 14,510,000	\$ 235,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	(73,080)	-	(5,280)	(67,800)	-
Sub-totals	<u>14,636,920</u>	<u>-</u>	<u>194,720</u>	<u>14,442,200</u>	<u>235,000</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

G. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities (cont.)					
Other Liabilities					
Vested compensated absences	69,931	57,086	48,156	78,861	44,002
Net OPEB obligation	320,284	162,552	-	482,836	-
Total Other Liabilities	390,215	219,638	48,156	561,697	44,002
Total Business-type Activities Long-Term Liabilities	\$ 15,027,135	\$ 219,638	\$ 242,876	\$ 15,003,897	\$ 279,002

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. Retirement obligations are paid through the General Fund.

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2011
2008 Series	6/16/2008	12/1/2030	4.00% - 5.00%	\$ 15,030,000	\$ 14,510,000
Total Business-type Activities - General Obligation Debt					\$ 14,510,000

Debt service requirements to maturity are as follows:

Years	Business-type Activities General Obligation Debt	
	Principal	Interest
2012	\$ 235,000	\$ 722,845
2013	275,000	713,445
2014	315,000	702,445
2015	350,000	689,845
2016	400,000	674,095
2017-2021	2,850,000	3,021,975
2022-2026	4,655,000	2,140,475
2027-2031	5,430,000	727,555
Totals	\$ 14,510,000	\$ 9,392,680

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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

G. 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, 2011, consists of the following:

Governmental Activities

Tax Increment Financing Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2011
2009 Series - 1st Avenue TIF	6/30/2009	1/1/2028	Variable 7.50% -	\$ 18,900,000	\$ 17,070,000
2009 Series - Joliet Rd. TIF	7/27/2009	7/1/2029	8.00%	1,300,000	<u>1,010,434</u>
Total Governmental Activities Tax Increment Financing Bonds					<u><u>\$ 18,080,434</u></u>

Interest on the variable rate 2009 Series - 1st Avenue TIF bonds is calculated at the monthly LIBOR rate in U.S. dollars effective the first day of each month plus 2% and multiplied by the designated tax exempt percentage of 70%. The interest rate as of 12/31/11 was 1.6%. 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.I for additional information on the interest rate swap.

Debt service requirements to maturity are shown below. Although payments on the Tax Increment Financing Bonds are due on January 1, the village makes these payments in the previous fiscal year. Therefore, the debt service schedule for this footnote presents bond maturities in the same year in which the village is actually making payments.

<u>Years</u>	<u>Governmental Activities Tax Increment Financing Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 770,000	\$ 653,129
2013	805,000	628,065
2014	840,000	601,862
2015	875,000	574,520
2016	915,000	546,039
2017-2021	5,240,000	2,269,645
2022-2026	6,530,000	1,354,583
2027-2029	<u>2,105,434</u>	<u>304,309</u>
Totals	<u><u>\$ 18,080,434</u></u>	<u><u>\$ 6,932,152</u></u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

H. LEASE DISCLOSURES

Lessor - Operating Leases

The village does not receive material lease payments from property rented to others.

I. 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 Assets. For the reporting period, the village's derivative meets the effectiveness test.

As of December 31, 2011, the interest rate swap had a negative fair value of \$17,867,077 on a notional amount of \$17,070,000. The change in fair value during 2011 was \$797,077 resulting in a deferred outflow on the Statement of Net Assets.

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 \$17,070,000 at December 31, 2011. 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 December 31, 2011

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, 2011, 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, 2011 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, 2011, this portion of the village's variable-rate debt is effectively hedged. After the end the term, any remaining principal would revert to the variable rate.

Years	Swap Payments			
	Principal	Interest	Swap, Net	Total
2012	\$ 770,000	\$ 269,706	\$ 285,923	\$ 1,325,629
2013	805,000	257,540	273,025	1,335,565
2014	840,000	244,821	259,541	1,344,362
2015	875,000	231,549	245,471	1,352,020
2016	915,000	217,724	230,815	1,363,539
2017-2020	3,005,000	641,559	680,134	4,326,693
Totals	<u>\$ 7,210,000</u>	<u>\$ 1,862,899</u>	<u>\$ 1,974,909</u>	<u>\$11,047,808</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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 Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village contribution rate for 2010 was 7.28 percent of annual covered payroll. For 2011, the employer annual required contribution rate was also 7.28 percent.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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 4.5% of their annual salary to IMRF. The Village contribution rate for 2011 was 13.68 percent of annual covered payroll. For 2011, the employer annual required contribution rate was also 13.68 percent.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

At December 31, 2011, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	17
Current employees:	
Vested	10
Non vested	<u>7</u>
Total	<u><u>34</u></u>

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

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

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

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% by the year 2040. For the year ended December 31, 2011, the village's contribution was 20.23% 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 December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension

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

At December 31, 2011, the Firefighters' Pension Plan membership consisted of:

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

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

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2011, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% by the year 2040. For the year ended December 31, 2011, the village's contribution was 22.21% 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.

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.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Annual Pension Cost

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

	Illinois Municipal Retirement - REG	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010
Actuarial valuation date				
Contribution rates:				
Employer	7.28%	13.68%	20.23%	22.21%
Employee	4.50%	7.50%	9.91%	9.46%
Annual required contribution	\$139,665	\$10,528	\$443,733	\$43,312
Contributions made	\$139,665	\$10,528	\$260,000	\$20,000
Actuarial cost method	Entry-age normal 5 year smoothed market	Entry-age normal 5 year smoothed market	Entry-age normal	Entry-age normal
Asset valuation method			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	30 years, closed	30 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%

Net Pension Obligation Obligation

The following is the net pension obligation obligation calculation from the December 31, 2010 actuarial report:

Net Pension Obligation:	Police Pension	Firefighters' Pension
Annual required contribution	\$ 443,733	\$ 42,312
Interest on net pension obligation	30,788	4,269
Adjustment to annual required contribution	(21,759)	(3,017)
Annual pension cost	452,762	43,564
Contributions made	(260,000)	(20,000)
Change in net pension obligation	192,762	23,564
Net pension obligation obligation, beginning of year	883,183	59,135
Net pension obligation obligation, end of year	\$ 1,075,945	\$ 82,699

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

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)	2011	\$ 139,665	\$ 10,528	\$ 452,762	\$ 43,564
	2010	65,380	9,412	452,762	43,564
	2009	29,450	9,107	235,869	39,075
Contributions made	2011	\$ 139,665	\$ 10,528	\$ 260,000	\$ 20,000
	2010	65,380	9,412	-	-
	2009	29,450	9,107	250,000	85,000
Percentage of APC contributed	2011	100%	100%	57.43%	45.94%
	2010	100%	100%	0%	0%
	2009	100%	100%	105.99%	107.4%
Net pension obligation	2011	\$ -	\$ -	\$ 1,075,945	\$ 82,699
	2010	-	-	883,183	59,571
	2009	-	-	430,421	15,571

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Funded Status and Funding Progress

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

	Illinois Municipal Retirement - REG	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2010
Actuarial Valuation of Assets (a)	\$ 2,872,066	\$ 74,522	\$ 7,399,275	\$ 298,426
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 2,509,232	\$ 68,587	\$ 12,958,917	\$ 888,310
Unfunded AAL (UAAL) (b - a)	\$ (362,834)	\$ (5,935)	\$ 5,559,642	\$ 589,884
Funded Ratio (a/b)	114 %	109 %	57 %	34 %
Covered Payroll (c)	1,918,475	76,961	1,195,374	90,595
UAAL as a Percentage of Covered Payroll ((b-a)/c)	- %	- %	465 %	651 %

PENSION SEGMENT INFORMATION

Fiduciary Net Assets

	Pension Trust		
	Police Pension	Fire Pension	Total
Assets			
Cash and cash equivalents	\$ 835,628	\$ 128,789	\$ 964,417
Investments - certificates of deposits with banks	-	197,624	197,624
Investments - other, at fair value	6,138,742	-	6,138,742
Interest receivable	3,715	-	3,715
Total Assets	<u>6,978,085</u>	<u>326,413</u>	<u>7,304,498</u>
Liabilities			
Net assets			
Held in trust for pension benefits	<u>\$ 6,978,085</u>	<u>\$ 326,413</u>	<u>\$ 7,304,498</u>

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Assets

	Pension Trust		
	Police Pension	Fire Pension	Total
Additions			
Contributions			
Employee contributions	\$ 127,618	\$ 8,514	\$ 136,132
Employer contributions	<u>260,000</u>	<u>20,000</u>	<u>280,000</u>
Total Contributions	<u>387,618</u>	<u>28,514</u>	<u>416,132</u>
Investment Income			
Bank deposits	4,614	1,583	6,197
Government securities	14,259	-	14,259
Insurance contracts	<u>26,619</u>	<u>-</u>	<u>26,619</u>
Total Investment income	<u>45,492</u>	<u>1,583</u>	<u>47,075</u>
Less investment income	<u>(130,344)</u>	<u>-</u>	<u>(130,344)</u>
Net investment income	<u>(84,852)</u>	<u>1,583</u>	<u>(83,269)</u>
Total Additions	<u>302,766</u>	<u>30,097</u>	<u>332,863</u>
Deductions			
Payments to participants	\$ 567,369	\$ -	\$ 567,369
Payments to beneficiaries	144,031	-	144,031
Other	<u>12,556</u>	<u>2,110</u>	<u>14,666</u>
Total Deductions	<u>723,956</u>	<u>2,110</u>	<u>726,066</u>
Net change in net assets	(421,190)	27,987	(393,203)
Net assets, beginning of year	<u>7,399,275</u>	<u>298,426</u>	<u>7,697,701</u>
Net assets, end of year	<u>\$ 6,978,085</u>	<u>\$ 326,413</u>	<u>\$ 7,304,498</u>

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

IMLRA

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

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

As of December 31, 2011, the village is committed to approximately \$2,900,000 in expenditures in the upcoming year for a construction project for the McCook Athletic and Exposition Center (Max) . These expenditures will be paid through the available fund balance of the 1st Avenue TIF.

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

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 2011, the village contributed \$183,031 to the plan. Plan members receiving benefits are not required to make any contributions to the plan.

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

Annual required contribution	\$	857,055
Interest on net OPEB obligation		42,853
Adjustment to annual required contribution		<u>-</u>
Annual OPEB cost		899,908
Contributions made		<u>(183,031)</u>
Increase in net OPEB obligation		716,877
Net OPEB Obligation - Beginning of Year		<u>1,519,352</u>
Net OPEB Obligation - End of Year	\$	<u><u>2,236,229</u></u>

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2011	\$ 899,908	20.34%	\$ 2,326,229
12/31/2010	895,092	30.80%	1,519,352
12/31/2009	1,051,718	14.46%	899,652

The funded status of the plan as of December 31, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 9,536,145
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 9,536,145</u></u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 3,726,344
UAAL as a percentage of covered payroll	256%

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

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

VILLAGE OF MCCOOK

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 6%. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2011, was 30 years.

E. CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year 2011, the Village has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

G. SUBSEQUENT EVENT

The village approved the issuance of general obligation variable rate bonds not to exceed \$10,000,000 on May 7, 2012, which were issued on June 21, 2012. The proceeds are intended for the expansion of the MAX. The bonds are scheduled to be repaid over 15 years at an initial rate of 2.51% with principal repayments subject to acceleration to the extent that additional TIF revenues are available. If TIF revenues are insufficient to repay the bonds, then the village will provide general funds for any shortfall.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED December 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget	2010 Actual
REVENUES				
TAXES				
Real estate	\$ 2,200,000	\$ 2,326,487	\$ 126,487	\$ 2,114,947
Replacement	462,000	482,095	20,095	477,909
State income	17,000	17,334	334	20,884
Sales	600,000	606,308	6,308	654,006
Dumping	60,000	50,404	(9,596)	57,640
Tax stamp	10,000	177,095	167,095	1,925
Mineral sales/use	28,500	37,570	9,070	22,703
Environmental	40,000	40,000	-	40,000
Telecommunication	100,000	114,988	14,988	97,124
Host	10,000	5,890	(4,110)	12,981
Waste transfer	80,000	81,480	1,480	89,056
Total Taxes	3,607,500	3,939,651	332,151	3,589,175
INTERGOVERNMENTAL				
State forfeiture	-	15,569	15,569	980
Federal forfeiture	-	98,549	98,549	479,852
Total Intergovernmental	-	114,118	114,118	480,832
Licenses, permits and fees	546,000	425,006	(120,994)	403,345
Fines and police reports	186,000	134,143	(51,857)	169,237
Interest	15,000	3,719	(11,281)	9,906
Miscellaneous	211,500	574,001	362,501	35,648
Total Revenues	4,566,000	5,190,638	624,638	4,688,143
EXPENDITURES				
GENERAL GOVERNMENT				
General government	3,120,300	2,511,047	609,253	2,282,613
PUBLIC SAFETY				
License and enforcement	72,700	63,099	9,601	60,163
Police department	2,553,300	2,485,142	68,158	2,174,240
Fire department	939,500	756,020	183,480	673,500
Board of police and fire commissioners	12,900	9,104	3,796	8,734
Health department	17,500	8,681	8,819	8,727
Environmental control	30,100	-	30,100	-
Total Public Safety	3,626,000	3,322,046	303,954	2,925,364

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

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED December 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget	2010 Actual
PUBLIC WORKS				
Buildings and grounds	\$ 370,500	\$ 249,095	\$ 121,405	\$ 260,267
Sanitation	12,500	4,884	7,616	560
Streets	200,100	15,191	184,909	11,598
Street lighting	71,000	29,422	41,578	40,053
Total Public Works	<u>654,100</u>	<u>298,592</u>	<u>355,508</u>	<u>312,478</u>
DEBT SERVICE				
Principal retirement	-	-	-	36,258
Interest and other	-	-	-	1,789
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,047</u>
CAPITAL OUTLAY				
General government	31,000	2,742	28,258	5,964
License and enforcement	3,000	-	3,000	1,694
Police department	60,000	102,594	(42,594)	126,914
Fire department	33,500	2,460	31,040	2,302
Buildings and grounds	127,000	22,698	104,302	27,962
Streets	45,000	6,338	38,662	12,563
Street lighting	60,000	11,280	48,720	1,737
Total Capital Outlay	<u>359,500</u>	<u>148,112</u>	<u>211,388</u>	<u>179,136</u>
Total Expenditures	<u>7,759,900</u>	<u>6,279,797</u>	<u>1,480,103</u>	<u>5,737,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,193,900)</u>	<u>(1,089,159)</u>	<u>2,104,741</u>	<u>(1,049,495)</u>
OTHER FINANCING SOURCES				
Transfers in	600,000	1,152,000	552,000	1,463,631
Total Other Financing Sources	<u>600,000</u>	<u>1,152,000</u>	<u>552,000</u>	<u>1,463,631</u>
Net Change in Fund Balance	<u>\$ (2,593,900)</u>	62,841	<u>\$ 2,656,741</u>	414,136
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(426,931)</u>		<u>(841,067)</u>
FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ (364,090)</u>		<u>\$ (426,931)</u>

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

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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, 2011 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget	2010 Actual
REVENUES				
Real estate	\$ -	\$ 2,190,553	\$ 2,190,553	\$ 1,050,401
Interest earned	-	17,802	17,802	33,473
Total Revenues	-	2,208,355	2,208,355	1,083,874
EXPENDITURES				
CURRENT				
Community development	1,100,500	290,825	809,675	200,159
Professional services	37,000	6,717	30,283	49,662
Debt Service				
Principal retirement	1,500,000	735,000	765,000	1,095,000
Interest and other	350,000	587,353	(237,353)	560,006
Buildings and grounds	4,000,000	1,344,558	2,655,442	-
Total Expenditures	6,987,500	2,964,453	4,023,047	1,904,827
Excess (deficiency) of revenues over (under) expenditures	(6,987,500)	(756,098)	6,231,402	(820,953)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(394,109)	(394,109)	(1,043,919)
Total Other Financing Sources (Uses)	-	(394,109)	(394,109)	(1,043,919)
Net Change in Fund Balance	\$ (6,987,500)	(1,150,207)	\$ 5,837,293	(1,864,872)
FUND BALANCE - Beginning of Year		1,668,728		3,533,600
FUND BALANCE - END OF YEAR		\$ 518,521		\$ 1,668,728

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

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2011

<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$ 139,665	100.00%	\$ -
12/31/09	65,380	100.00%	-
12/31/08	29,450	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>
12/31/10	\$ 2,872,066	\$ 2,509,232	\$ (362,834)	114.46%	\$ 1,918,475	-%
12/31/09	2,588,184	2,250,006	(338,178)	115.03%	1,707,039	-%
12/31/08	2,348,531	1,941,783	(406,748)	120.95%	1,357,168	-%
12/31/07	2,751,893	1,862,465	(889,428)	147.76%	1,074,018	-%
12/31/06	2,453,574	1,529,641	(923,933)	160.40%	890,921	-%
12/31/05	1,956,657	1,308,471	(648,186)	149.54%	792,580	-%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$3,014,399. On a market basis, the funded ratio would be 120.13%.

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

Valuation date	12/31/2008
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, 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%

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

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2011

		Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation		
Actuarial Valuation Date						
12/31/10		\$ 10,528	100.00%	\$ -		
12/31/09		9,412	100.00%	-		
12/31/08		9,107	100.00%	-		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/10	\$ 74,522	\$ 68,587	\$ (5,935)	108.65%	\$ 76,961	0.00%
12/31/09	57,900	46,504	(11,396)	124.51%	71,955	0.00%
12/31/08	44,132	28,981	(15,162)	152.28	70,983	0.00%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$77,597. On a market basis, the funded ratio would be 113.14%.

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

Valuation date	12/31/2008
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, 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%

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

VILLAGE OF MCCOOK

POLICE PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2011

	<u>Fiscal Year Ended</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
	12/31/2011	\$ 443,733	58.59%	\$ 1,075,945
	12/31/2010	443,733	0.00%	883,183
	12/31/2009	235,869	105.99%	430,421

<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>
12/31/2011	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
12/31/2010	7,399,275	12,958,917	5,559,642	57.10	1,195,374	465.10%
12/31/2009	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2008	9,161,937	11,604,736	2,442,799	78.95%	1,175,382	207.83%
12/31/2007	9,161,937	10,929,706	1,767,769	83.83%	959,358	184.27%
12/31/2006	9,049,092	10,586,209	1,537,117	85.48%	974,280	157.77%

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	12/31/2010
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.50%
Inflation factor	3.00%
Cost of living adjustments	3.00%

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

VILLAGE OF MCCOOK

FIREFIGHTERS' PENSION FUND

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2011

<u>Fiscal Year Ended</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2011	\$ 42,312	58.59%	\$ 82,699
12/31/2010	42,312	0.00%	59,135
12/31/2009	39,075	217.53%	15,571

<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>
12/31/2011	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
12/31/2010	298,426	888,310	589,884	33.59%	90,596	651.11%
12/31/2009	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2008	228,039	788,637	560,598	28.92%	82,500	679.51%
12/31/2006	224,659	768,412	543,753	29.10%	74,970	725.29%
12/31/2005	194,715	669,098	474,383	29.10%	64,751	732.63%

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	12/31/2010
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.50%
Inflation factor	3.00%
Cost of living adjustments	3.00%

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

VILLAGE OF MCCOOK

RETIREES' HEALTH PLAN SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2011

<u>Fiscal Year End Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2011	\$ 857,055	21.35%	\$ 2,236,229
12/31/2010	895,092	30.80%	1,519,352
12/31/2009	1,051,718	14.46%	899,652

<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>
12/31/2011	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2010	\$ -	\$ 9,536,145	\$ 9,536,145	0.00%	\$ 3,726,344	255.91%
12/31/2009	-	7,738,615	7,738,615	0.00%	3,455,488	223.95%
12/31/2008	N/A	N/A	N/A	N/A	N/A	N/A

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	12/31/2010
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	5.00%
Projected salary increases	5.00%
Inflation factor	3.00%

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

VILLAGE OF MCCOOK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2011

BUDGETARY INFORMATION

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

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SUPPLEMENTARY INFORMATION

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VILLAGE OF MCCOOK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2011

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ 22,560	\$ 119,390	\$ 36,167	\$ 178,117
Receivables				
Real estate taxes	-	-	166,600	166,600
Due from other funds	<u>20,190</u>	<u>-</u>	<u>-</u>	<u>20,190</u>
TOTAL ASSETS	<u>\$ 42,750</u>	<u>\$ 119,390</u>	<u>\$ 202,767</u>	<u>\$ 364,907</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 6	\$ -	\$ 6
Interfund advances	-	191,207	-	191,207
Deferred revenue	<u>-</u>	<u>-</u>	<u>166,600</u>	<u>166,600</u>
Total Liabilities	<u>-</u>	<u>191,213</u>	<u>166,600</u>	<u>357,813</u>
Fund Balances (Deficit)				
Restricted for motor fuel tax	42,750	-	-	42,750
Restricted for tax increment funding	-	-	36,167	36,167
Unassigned	<u>-</u>	<u>(71,823)</u>	<u>-</u>	<u>(71,823)</u>
Total Fund Balances (deficit)	<u>42,750</u>	<u>(71,823)</u>	<u>36,167</u>	<u>7,094</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 42,750</u>	<u>\$ 119,390</u>	<u>\$ 202,767</u>	<u>\$ 364,907</u>

VILLAGE OF MCCOOK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Total Nonmajor Governmental Funds
REVENUES				
Real estate taxes	\$ -	\$ -	\$ 170,578	\$ 170,578
Motor fuel tax	6,101	-	-	6,101
Fees collected	-	1,958	-	1,958
Interest	23	-	3,913	3,936
Total Revenues	<u>6,124</u>	<u>1,958</u>	<u>174,491</u>	<u>182,573</u>
EXPENDITURES				
Current				
Community development	-	-	104,248	104,248
Maintenance and service	-	4,715	-	4,715
Debt Service				
Interest and other	-	-	90,000	90,000
Principal retirement	-	-	189,566	189,566
Total Expenditures	<u>-</u>	<u>4,715</u>	<u>383,814</u>	<u>388,529</u>
Excess (deficiency) of revenues over expenditures	<u>6,124</u>	<u>(2,757)</u>	<u>(209,323)</u>	<u>(205,956)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(11,000)	(11,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(11,000)</u>	<u>(11,000)</u>
Net Change in Fund Balances	6,124	(2,757)	(220,323)	(216,956)
FUND BALANCES (DEFICIT)				
- Beginning of Year	<u>36,626</u>	<u>(69,066)</u>	<u>256,490</u>	<u>224,050</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 42,750</u>	<u>\$ (71,823)</u>	<u>\$ 36,167</u>	<u>\$ 7,094</u>

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - MOTOR FUEL TAX - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2010 Actual</u>
REVENUES				
INTERGOVERNMENTAL				
Motor fuel tax allotments	\$ -	\$ 6,101	\$ 6,101	\$ 5,903
Interest	-	23	23	31
Total Revenues	<u>-</u>	<u>6,124</u>	<u>6,124</u>	<u>5,934</u>
EXPENDITURES				
Road construction	30,000	-	30,000	-
Contingency	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total Expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (40,000)</u>	6,124	<u>\$ 46,124</u>	5,934
FUND BALANCE - Beginning of Year		<u>36,626</u>		<u>30,692</u>
FUND BALANCE - END OF YEAR		<u>\$ 42,750</u>		<u>\$ 36,626</u>

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - 911 E.T.S. - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget	2010 Actual
REVENUES				
Fees collected	\$ -	\$ 1,958	\$ 1,958	\$ 5,638
Total Revenues	-	1,958	1,958	5,638
EXPENDITURES				
CURRENT				
Maintenance and service	20,000	4,715	15,285	4,645
Salary	5,000	-	5,000	-
Total Expenditures	25,000	4,715	20,285	4,645
Net Change in Fund Balance	\$ (25,000)	(2,757)	\$ 22,243	993
FUND BALANCE (DEFICIT) - Beginning of Year		(69,066)		(70,059)
FUND BALANCE (DEFICIT) - END OF YEAR		\$ (71,823)		\$ (69,066)

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, 2011 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget	2010 Actual
REVENUES				
Real estate	\$ -	\$ 170,578	\$ 170,578	\$ 115,931
Interest earned	-	3,913	3,913	6,635
Total Revenues	<u>-</u>	<u>174,491</u>	<u>174,491</u>	<u>122,566</u>
EXPENDITURES				
CURRENT				
Community development	<u>210,500</u>	<u>104,248</u>	<u>106,252</u>	<u>45,500</u>
Debt Service				
Principal retirement	100,000	189,566	(89,566)	100,000
Interest and other	-	90,000	(90,000)	97,500
Total Expenditures	<u>310,500</u>	<u>383,814</u>	<u>(73,314)</u>	<u>243,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(310,500)</u>	<u>(209,323)</u>	<u>101,177</u>	<u>(120,434)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(11,000)	(11,000)	(10,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(11,000)</u>	<u>(11,000)</u>	<u>(10,000)</u>
Net Change in Fund Balance	<u>\$ (310,500)</u>	<u>(220,323)</u>	<u>\$ 90,177</u>	<u>(130,434)</u>
FUND BALANCE - Beginning of Year		<u>256,490</u>		<u>386,924</u>
FUND BALANCE - END OF YEAR		<u>\$ 36,167</u>		<u>\$ 256,490</u>

VILLAGE OF MCCOOK

COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS DECEMBER 31, 2011

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 835,628	\$ 128,789	\$ 964,417
Investments - certificates of deposits with banks	-	197,624	197,624
Investments - other, at fair value	6,138,742	-	6,138,742
Interest receivable	<u>3,715</u>	<u>-</u>	<u>3,715</u>
Total Assets	<u>6,978,085</u>	<u>326,413</u>	<u>7,304,498</u>
LIABILITIES			
NET ASSETS			
Net assets reserved for participants and beneficiaries	<u>\$ 6,978,085</u>	<u>\$ 326,413</u>	<u>\$ 7,304,498</u>

VILLAGE OF MCCOOK

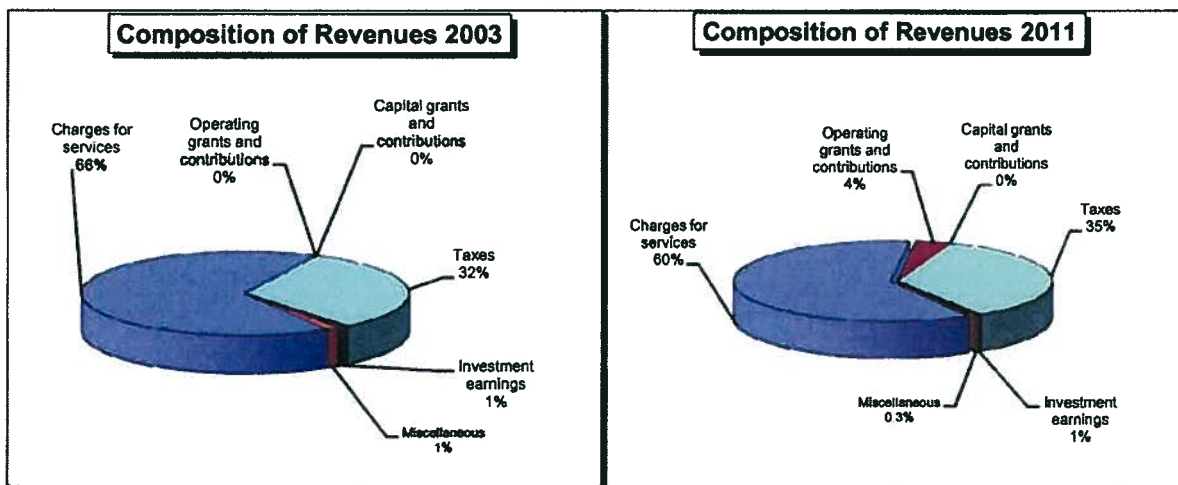
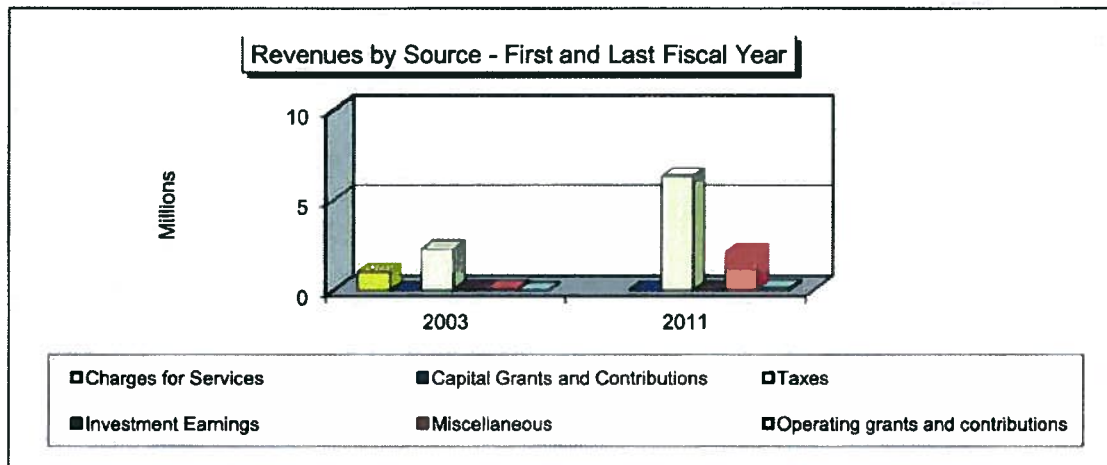
COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Employee contributions	\$ 127,618	\$ 8,514	\$ 136,132
Employer contributions	<u>260,000</u>	<u>20,000</u>	<u>280,000</u>
Total	<u>387,618</u>	<u>28,514</u>	<u>416,132</u>
Investment income			
Bank deposits	4,614	1,583	6,197
Government securities	14,259	-	14,259
Insurance contracts	26,619	-	26,619
Net depreciation in fair value of investments	<u>(130,344)</u>	<u>-</u>	<u>(130,344)</u>
Total Investment Income	<u>(84,852)</u>	<u>1,583</u>	<u>(83,269)</u>
Total Additions	<u>302,766</u>	<u>30,097</u>	<u>332,863</u>
DEDUCTIONS			
Payments to participants	567,369	-	567,369
Payments to beneficiaries	144,031	-	144,031
Administrative	<u>12,556</u>	<u>2,110</u>	<u>14,666</u>
Total Deductions	<u>723,956</u>	<u>2,110</u>	<u>726,066</u>
Change in Net Assets	(421,190)	27,987	(393,203)
NET ASSETS - Beginning of Year	<u>7,399,275</u>	<u>298,426</u>	<u>7,697,701</u>
NET ASSETS, END OF YEAR	<u>\$ 6,978,085</u>	<u>\$ 326,413</u>	<u>\$ 7,304,498</u>

VILLAGE OF McCOOK

GOVERNMENT-WIDE REVENUES BY TYPE LAST NINE FISCAL YEARS

	2003	2004	2005
Program Revenues			
Charges for services	\$ 4,626,029	\$ 4,668,897	\$ 5,408,892
Operating grants and contributions	-	-	-
Capital grants and contributions	-	177,169	253,451
Total Program Revenues	4,626,029	4,846,066	5,662,343
General Revenues			
Taxes	2,273,419	2,053,461	3,495,621
Investment earnings	82,674	40,865	37,655
Miscellaneous	85,828	88,493	132,949
Total General Revenues	2,441,921	2,182,819	3,666,225
Total Revenues	\$ 7,067,950	\$ 7,028,885	\$ 9,328,568



SOURCE OF INFORMATION: 2003-2011 financial statements

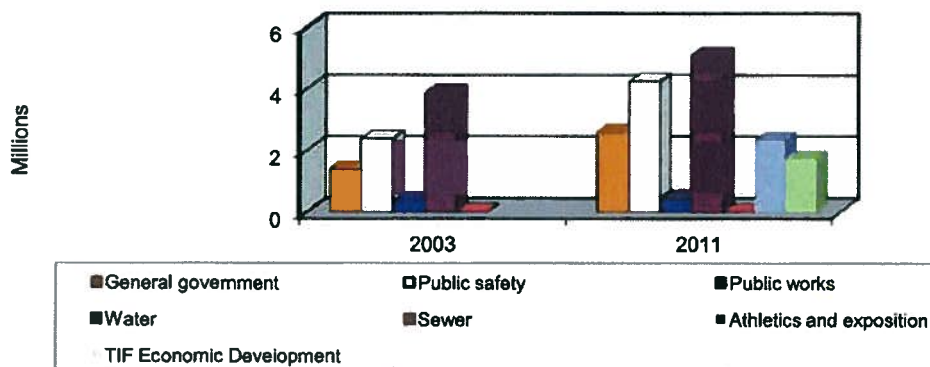
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 5,351,922	\$ 5,392,677	\$ 5,604,956	\$ 7,943,571	\$ 8,098,786	\$ 8,093,785
240,985	211,603	135,107	447,435	486,735	120,219
-	-	-	275,000	-	-
<u>5,592,907</u>	<u>5,604,280</u>	<u>5,740,063</u>	<u>8,666,006</u>	<u>8,585,521</u>	<u>8,214,004</u>
3,757,483	4,905,922	5,635,766	5,321,541	4,755,507	6,300,782
102,249	118,731	144,309	73,331	55,246	26,027
<u>97,557</u>	<u>79,334</u>	<u>85,441</u>	<u>132,669</u>	<u>41,458</u>	<u>2,095,339</u>
<u>3,957,289</u>	<u>5,103,987</u>	<u>5,865,516</u>	<u>5,527,541</u>	<u>4,852,211</u>	<u>8,422,148</u>
<u>\$ 9,550,196</u>	<u>\$ 10,708,267</u>	<u>\$ 11,605,579</u>	<u>\$ 14,193,547</u>	<u>\$ 13,437,732</u>	<u>\$ 16,636,152</u>

VILLAGE OF McCOOK

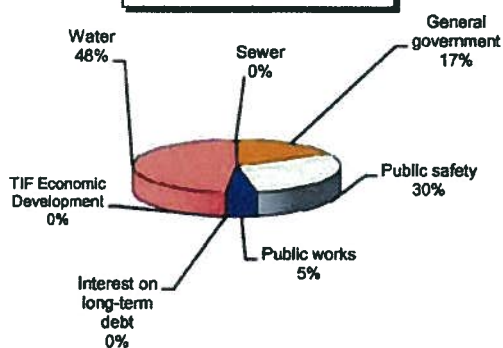
GOVERNMENT-WIDE EXPENSES BY FUNCTION LAST NINE FISCAL YEARS

	2003	2004	2005
Governmental Activities			
General government	\$ 1,390,535	\$ 1,469,436	\$ 1,532,744
Public safety	2,381,438	2,486,968	2,269,713
Public works	370,852	315,198	350,404
TIF economic development	-	-	-
Interest on long-term debt	18,188	22,776	44,457
Total Governmental Activities	4,161,013	4,294,378	4,197,318
Business-type Activities			
Water	3,862,084	3,867,830	4,091,521
Sewer	17,347	3,317	1,200
Athletics and exposition	-	-	-
Total Business-type Activities	3,879,431	3,871,147	4,092,721
Total Expenses	\$ 8,040,444	\$ 8,165,525	\$ 8,290,039

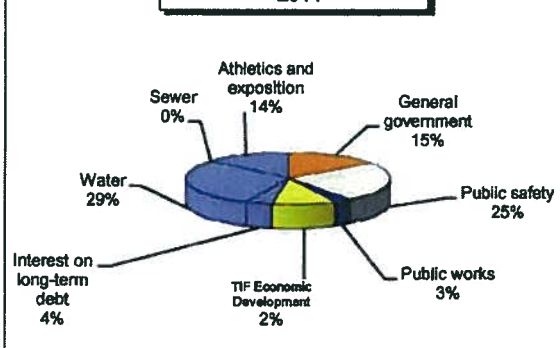
Expenses by Function - First and Last Fiscal Year



Composition of Expenses 2003



Composition of Expenses 2011



<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,679,433	\$ 1,949,506	\$ 2,235,288	\$ 2,284,217	\$ 2,421,967	\$ 2,595,413
2,676,559	2,870,784	3,214,379	4,081,522	4,033,074	4,228,278
422,101	389,620	359,003	450,822	469,963	459,993
-	-	2,798,857	17,845,573	295,321	1,746,348
<u>37,595</u>	<u>27,646</u>	<u>13,622</u>	<u>202,053</u>	<u>537,832</u>	<u>707,463</u>
<u>4,815,688</u>	<u>5,237,556</u>	<u>8,621,149</u>	<u>24,864,187</u>	<u>7,758,157</u>	<u>9,737,495</u>
4,038,097	4,114,317	4,400,423	4,869,143	5,215,955	5,075,570
4,420	1,000	2,000	2,000	2,000	4,950
-	-	700,355	2,402,320	2,448,233	2,345,800
<u>4,042,517</u>	<u>4,115,317</u>	<u>5,102,778</u>	<u>7,273,463</u>	<u>7,666,188</u>	<u>7,426,320</u>
<u>\$ 8,858,205</u>	<u>\$ 9,352,873</u>	<u>\$ 13,723,927</u>	<u>\$ 32,137,650</u>	<u>\$ 15,424,345</u>	<u>\$ 17,163,815</u>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS REVENUES BY SOURCE * LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Local Sources				
Taxes	\$ 6,300,782	\$ 4,755,507	\$ 5,321,541	\$ 5,635,766
Intergovernmental	120,219	486,735	447,435	135,107
Licenses, permits, and fees	426,964	408,983	1,028,139	354,783
Fines and police reports	134,143	169,237	206,796	199,194
Interest earned	25,457	50,045	59,472	53,482
Miscellaneous	<u>574,001</u>	<u>35,648</u>	<u>123,100</u>	<u>85,441</u>
 Total Local Sources	 <u>\$ 7,581,566</u>	 <u>\$ 5,906,155</u>	 <u>\$ 7,186,483</u>	 <u>\$ 6,463,773</u>

* - Includes revenues for all Governmental Fund Types.

SOURCE OF INFORMATION: 2002-2011 Annual Financial Statements.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 4,905,922	\$ 3,757,483	\$ 3,495,621	\$ 2,046,212	\$ 2,266,210	\$ 1,375,274
211,603	240,985	76,282	57,881	7,209	7,226
493,298	469,607	299,024	242,285	201,653	596,628
142,737	138,189	118,906	71,051	123,111	106,412
100,312	82,158	32,069	21,625	48,850	104,058
<u>79,334</u>	<u>97,557</u>	<u>118,949</u>	<u>99,315</u>	<u>87,459</u>	<u>118,256</u>
<u>\$ 5,933,206</u>	<u>\$ 4,785,979</u>	<u>\$ 4,140,851</u>	<u>\$ 2,538,369</u>	<u>\$ 2,734,492</u>	<u>\$ 2,307,854</u>

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION* LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current Operating				
General Government	\$ 2,513,789	\$ 2,288,577	\$ 2,050,426	\$ 2,076,558
TIF Economic Development	1,746,348	295,321	18,270,823	2,798,857
Public Safety	3,431,815	3,060,919	3,354,146	3,013,519
Public Works	338,908	354,740	362,143	396,883
Debt Service	<u>1,601,919</u>	<u>1,890,553</u>	<u>231,159</u>	<u>459,720</u>
 Total Operating	 <u>9,632,779</u>	 <u>7,890,110</u>	 <u>24,268,697</u>	 <u>8,745,537</u>
 Total	 <u>\$ 9,632,779</u>	 <u>\$ 7,890,110</u>	 <u>\$ 24,268,697</u>	 <u>\$ 8,745,537</u>

* - Includes expenditures for all Governmental Fund Types.

SOURCE OF INFORMATION: 2002-2011 Annual Financial Statements.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 1,878,769	\$ 1,691,461	\$ 1,556,911	\$ 1,458,189	\$ 1,369,970	\$ 1,261,763
-	-	-	-	-	-
2,850,256	2,480,555	2,194,391	2,596,072	2,308,053	2,427,199
329,921	349,571	387,515	790,361	325,931	285,259
<u>465,263</u>	<u>464,354</u>	<u>478,432</u>	<u>106,206</u>	<u>83,851</u>	<u>57,647</u>
<u>5,524,209</u>	<u>4,985,941</u>	<u>4,617,249</u>	<u>4,950,828</u>	<u>4,087,805</u>	<u>4,031,868</u>
<u>\$ 5,524,209</u>	<u>\$ 4,985,941</u>	<u>\$ 4,617,249</u>	<u>\$ 4,950,828</u>	<u>\$ 4,087,805</u>	<u>\$ 4,031,868</u>

VILLAGE OF McCOOK

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Rates Extended*				
Corporate	1.9782	1.7132	1.4182	1.2777
Bond & Interest	0.0000	0.0000	0.0000	0.1855
Police Pension	0.0000	0.0000	0.0000	0.0000
IMRF	0.0000	0.0000	0.0000	0.0000
Fire Pension	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>
 Total Rates Extended	<u>1.9782</u>	<u>1.7132</u>	<u>1.4182</u>	<u>1.4632</u>
Levies Extended				
Total Levies Extended	<u>\$ 2,342,417</u>	<u>\$ 2,233,000</u>	<u>\$ 2,159,150</u>	<u>\$ 2,129,000</u>
 Total Collections^	<u>\$ 2,322,374</u>	<u>\$ 2,217,164</u>	<u>\$ 2,093,498</u>	<u>\$ 2,017,989</u>
 Percentage of Extensions Collected	<u>99.14%</u>	<u>99.29%</u>	<u>96.96%</u>	<u>94.79%</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 2001 to 2010.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
1.3554	1.3346	1.7542	1.6378	1.6615	1.6333
0.2016	0.2028	0.2811	N/A	N/A	N/A
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>
<u>1.5570</u>	<u>1.5374</u>	<u>2.0353</u>	<u>1.6378</u>	<u>1.6615</u>	<u>1.6333</u>
<u>\$ 2,135,694</u>	<u>\$ 2,164,015</u>	<u>\$ 2,124,525</u>	<u>\$ 1,752,619</u>	<u>\$ 1,717,407</u>	<u>\$ 1,644,972</u>
<u>\$ 2,020,210</u>	<u>\$ 2,042,668</u>	<u>\$ 2,052,520</u>	<u>\$ 1,687,236</u>	<u>\$ 1,648,748</u>	<u>\$ 1,358,222</u>
<u>94.59%</u>	<u>94.39%</u>	<u>96.61%</u>	<u>96.27%</u>	<u>96.00%</u>	<u>82.57%</u>

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VILLAGE OF McCOOK

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

<u>Tax Levy Year</u>	<u>Equalized Assessed Valuation</u>	<u>Amount of Increase (Decrease) Over Previous Year</u>	<u>Percentage Increase (Decrease) Over Previous Year</u>	<u>Actual Estimated Value*</u>
2010	\$ 118,411,446	\$ (11,927,297)	-9.15%	\$ 355,234,338
2009	130,338,743	(21,912,282)	-14.39%	391,016,229
2008	152,251,025	6,747,531	4.64%	456,753,075
2007	145,503,494	8,336,491	6.08%	436,510,482
2006	137,167,003	(2,141,845)	-1.54%	411,501,009
2005	139,308,848	35,842,065	34.64%	417,926,544
2004	103,466,783	(2,408,826)	-2.28%	310,400,349
2003	105,875,609	3,555,504	3.47%	317,626,827
2002	102,320,105	2,892,002	2.91%	306,960,315
2001	99,428,103	9,751,389	10.87%	298,284,309

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

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 2001 to 2010.

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
2011	2010	\$ 14,510,000	\$ -	\$ 14,510,000
2010	2009	14,710,000	-	14,710,000
2009	2008	14,880,000	-	14,880,000
2008	2007	15,030,000	-	15,030,000
2007	2006	570,000	-	160,000
2006	2005	1,130,000	-	315,000
2005	2004	1,670,000	-	460,000
2004	2003	2,200,000	-	600,000
2003	2002	1,550,000	-	950,000
2002	2001	1,150,000	-	1,150,000

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: 2002-2011 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
\$ -	\$ 118,411,446	0.00	228	\$ -
-	130,338,743	0.00	236	-
-	152,251,025	0.00	249	-
-	145,503,494	0.00	249	-
410,000	137,167,003	0.30	249	1,647
815,000	139,308,848	0.59	250	3,260
1,210,000	103,466,783	1.17	250	4,840
1,600,000	105,875,609	1.51	250	6,400
600,000	102,320,105	0.59	250	2,400
-	99,428,103	0.00	250	-

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
2011	\$ 9,632,779	\$ 1,601,919	16.63%
2010	7,890,110	1,890,553	23.96%
2009	24,268,697	231,159	0.95%
2008	8,745,537	459,720	5.26%
2007	5,524,209	465,263	8.42%
2006	4,985,941	464,354	9.31%
2005	4,617,249	478,432	10.36%
2004	4,950,828	106,206	2.15%
2003	4,087,805	83,851	2.05%
2002	4,031,868	57,647	1.43%

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

SOURCE OF INFORMATION: 2002-2011 Annual Financial Statements.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JUNE 16, 2008 DECEMBER 31, 2011

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	722,845	957,845
2013	275,000	-	275,000	713,445	988,445
2014	315,000	-	315,000	702,445	1,017,445
2015	350,000	-	350,000	689,845	1,039,845
2016	400,000	-	400,000	674,095	1,074,095
2017	450,000	-	450,000	655,095	1,105,095
2018	500,000	-	500,000	632,595	1,132,595
2019	570,000	-	570,000	607,595	1,177,595
2020	630,000	-	630,000	579,095	1,209,095
2021	700,000	-	700,000	547,595	1,247,595
2022	760,000	-	760,000	512,595	1,272,595
2023	845,000	-	845,000	474,595	1,319,595
2024	930,000	-	930,000	432,345	1,362,345
2025	1,015,000	-	1,015,000	385,845	1,400,845
2026	1,105,000	-	1,105,000	335,095	1,440,095
2027	1,205,000	-	1,205,000	279,845	1,484,845
2028	1,310,000	-	1,310,000	218,390	1,528,390
2029	1,420,000	-	1,420,000	151,580	1,571,580
2030	1,495,000	-	1,495,000	77,740	1,572,740
Total	<u>\$ 15,030,000</u>	<u>\$ 520,000</u>	<u>\$ 14,510,000</u>	<u>\$ 9,392,680</u>	<u>\$ 23,902,680</u>

Paying agent: Village of McCook

Principal payment date: December 1

Interest payment dates: December 1 and June 1

Interest rates: 4.00-5.00%

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

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JUNE 30, 2009 DECEMBER 31, 2011

TAX INCREMENT FINANCING BONDS - 1ST AVENUE TIF 2009 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>
2010	\$ 1,095,000	\$ 1,095,000	\$ -	\$ -	\$ -
2011	735,000	735,000	-	-	-
2012	770,000	-	770,000	555,629	1,325,629
2013	805,000	-	805,000	530,565	1,335,565
2014	840,000	-	840,000	504,362	1,344,362
2015	875,000	-	875,000	477,020	1,352,020
2016	915,000	-	915,000	448,539	1,363,539
2017	960,000	-	960,000	418,756	1,378,756
2018	1,000,000	-	1,000,000	387,508	1,387,508
2019	1,045,000	-	1,045,000	354,958	1,399,958
2020	1,095,000	-	1,095,000	303,122	1,398,122
2021	1,140,000	-	1,140,000	285,301	1,425,301
2022	1,195,000	-	1,195,000	248,194	1,443,194
2023	1,245,000	-	1,245,000	209,297	1,454,297
2024	1,305,000	-	1,305,000	168,772	1,473,772
2025	1,360,000	-	1,360,000	126,294	1,486,294
2026	1,425,000	-	1,425,000	82,026	1,507,026
2027	1,095,000	-	1,095,000	35,642	1,130,642
Total	<u>\$ 18,900,000</u>	<u>\$ 1,830,000</u>	<u>\$ 17,070,000</u>	<u>\$ 5,135,985</u>	<u>\$ 22,205,985</u>

Paying agent: Village of McCook

Principal payment date: January 1*

Interest payment dates: January 1* and July 1

Interest rates: Variable

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

* The Village makes payments due on January 1 in the previous fiscal year. This schedule has been modified accordingly to reflect the year in which the debt service is paid.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING ISSUE DATED JULY 27, 2009 DECEMBER 31, 2011

TAX INCREMENT FINANCING BONDS - JOLIET ROAD TIF 2009 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2010	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
2011	189,566	189,566	-	-	-
2012	-	-	-	97,500	97,500
2013	-	-	-	97,500	97,500
2014	-	-	-	97,500	97,500
2015	-	-	-	97,500	97,500
2016	-	-	-	97,500	97,500
2017	-	-	-	104,000	104,000
2018	-	-	-	104,000	104,000
2019	-	-	-	104,000	104,000
2020	-	-	-	104,000	104,000
2021	-	-	-	104,000	104,000
2022	-	-	-	104,000	104,000
2023	-	-	-	104,000	104,000
2024	-	-	-	104,000	104,000
2025	-	-	-	104,000	104,000
2026	-	-	-	104,000	104,000
2027	-	-	-	104,000	104,000
2028	-	-	-	104,000	104,000
2029	<u>1,010,434</u>	<u>-</u>	<u>1,010,434</u>	<u>60,667</u>	<u>1,071,101</u>
Total	<u>\$ 1,300,000</u>	<u>\$ 289,566</u>	<u>\$ 1,010,434</u>	<u>\$ 1,796,167</u>	<u>\$ 2,806,601</u>

Paying agent: Village of McCook

Principal payment date: July 1

Interest payment dates: December 31

Interest rates: 7.50-8.00%

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

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INDEPENDENT AUDITOR'S COMPLIANCE REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Village of McCook, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 26, 2012. The financial statements are the responsibility of the management of the Village of McCook. Our responsibility is to express opinions on the financial statements based upon our audit.

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

Compliance with laws, regulations, contracts and grants applicable to the Village of McCook is the responsibility of the Village of McCook's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the Village of McCook's compliance with provisions in Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing." However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the Village of McCook complied, in all material respects, with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

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
June 26, 2012