

**VILLAGE OF MCCOOK**

McCook, Illinois

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

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# VILLAGE OF MCCOOK

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## INDEPENDENT AUDITORS' REPORT

Mayor and Board of Trustees  
Village of McCook  
5000 Glencoe Avenue  
McCook, Illinois 60525-7804

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, 2008, which collectively comprise the Village of McCook's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of McCook's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois as of December 31, 2008, 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.

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

Mayor and Board of Trustees  
Village of McCook

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of McCook's basic financial statements. The 2008 supplementary information, and the other information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 2008 supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. 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, 2007. In our report dated July 15, 2008, 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 2007 supplementary information is fairly stated in all material respects in relation to the basic financial statement for the year ended December 31, 2007, taken as whole.

*Virehow, Krause & Company, LLP*

Oak Brook, Illinois  
April 28, 2008



# VILLAGE OF MCCOOK

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

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, 2008. 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 assets of the village exceeded its liabilities at the close of the most recent fiscal year by \$11,165,279 (net assets). Of this amount, \$1,158,725 is unrestricted and may be used to meet the government's ongoing obligation to citizens and creditors.
- In total, net assets decreased by \$2,118,348. This represents a (16)% decrease from 2007 and is related to the payments made out of the 1st Avenue TIF Fund to reimburse the developer for previous expenses as allowed in the TIF redevelopment agreement.
- As of the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$(526,421), a decrease of \$(1,981,764) in comparison with the prior year.
- General revenues accounted for \$5,774,689 in revenue or 89% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$689,084 or 11% of total governmental revenues of \$6,463,773.
- The village had \$8,621,149 in expenses related to government activities. However, only \$689,084 of these expenses were offset by program specific charges and grants.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was a deficit of \$(1,024,857) of the total General Fund balance.
- The village's total long term liabilities increased by \$14,518,447 during the current year to \$15,473,641.
- The 1st Avenue Redevelopment Project Area continued collecting incremental property taxes in 2008 and began reimbursing the developer with the money collected from incremental property taxes.
- The village issued \$15 million in debt to fund the purchase of the McCook Athletic and Exposition Center.

### Overview of the Financial Statements

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

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

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

# VILLAGE OF MCCOOK

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

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### *Government-wide financial statements*

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

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

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

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

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

# VILLAGE OF MCCOOK

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

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The village maintains 2 major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and 1st Avenue TIF, all 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 max 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 a major fund, 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, 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, 2008

### Government-Wide Financial Analysis

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

	<i>Governmental Activities</i>		
	<i>2008</i>	<i>2007</i>	<i>Change</i>
<b>Assets</b>			
Current and other assets	\$ 3,598,414	\$ 6,092,393	(40.9)%
Capital assets	<u>2,369,161</u>	<u>2,519,853</u>	(6.0)%
Total assets	<u>5,967,575</u>	<u>8,612,246</u>	(30.7)%
<b>Liabilities</b>			
Long-term liabilities	497,042	783,663	(36.6)%
Other liabilities	<u>4,125,699</u>	<u>4,626,373</u>	(10.8)%
Total liabilities	<u>4,622,741</u>	<u>5,410,036</u>	(14.6)%
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,298,352	2,256,131	1.9%
Restricted	253,725	1,245,087	(79.6)%
Unrestricted	<u>(1,207,243)</u>	<u>(299,008)</u>	303.7%
Total net assets	<u>\$ 1,344,834</u>	<u>\$ 3,202,210</u>	(58.0)%

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

	<i>Business-Type Activities</i>			<i>Total</i>		
	<i>2008</i>	<i>2007</i>	<i>Change</i>	<i>2008</i>	<i>2007</i>	<i>Change</i>
<b>Assets</b>						
Current and other assets	\$ 5,918,638	\$ 2,880,362	105.5%	\$ 9,517,052	\$ 8,972,755	6.1%
Capital assets	<u>19,674,368</u>	<u>7,750,007</u>	153.9%	<u>22,043,529</u>	<u>10,269,860</u>	114.6%
Total assets	<u>25,593,006</u>	<u>10,630,369</u>	140.8%	<u>31,560,581</u>	<u>19,242,615</u>	64.0%
<b>Liabilities</b>						
Long-term liabilities	14,976,599	160,000	9,260.4%	15,473,641	943,663	1,539.7%
Other liabilities	<u>795,962</u>	<u>388,952</u>	104.6%	<u>4,921,661</u>	<u>5,015,325</u>	(1.9)%
Total liabilities	<u>15,772,561</u>	<u>548,952</u>	242.3%	<u>20,395,302</u>	<u>5,958,988</u>	242.3%
<b>Net assets</b>						
Invested in capital assets, net of related debt	7,454,477	7,590,007	(1.8)%	9,752,829	9,846,138	(0.9)%
Restricted	-	-		253,725	1,245,087	(79.6)%
Unrestricted	<u>2,365,968</u>	<u>2,491,410</u>	(5.0)%	<u>1,158,725</u>	<u>2,192,402</u>	(47.1)%
Total net assets	<u>\$ 9,820,445</u>	<u>\$ 10,081,417</u>	(2.6)%	<u>\$ 11,165,279</u>	<u>\$ 13,283,627</u>	(15.9)%

## VILLAGE OF MCCOOK

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

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#### *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 \$2,118,348 from \$13,283,627 to \$11,165,279. The village's total assets equal \$31,560,581. The village's total liabilities equal \$20,395,302.

The village experienced increased current and other assets as the remaining proceeds from a bond issuance were higher than the amount paid to TIF developer as a reimbursement in 2008. Also, the village increased the capital assets and long-term liabilities as the village issued bonds to fund the purchase of the McCook Athletic and Exposition Center.

A portion of the net assets of the governmental activities is restricted for street maintenance, road improvements, and special assessments. The unrestricted combined balance, for both governmental and business-type activities, of \$1,158,725 may be used to meet the ongoing village obligations to their citizens and creditors.

# VILLAGE OF MCCOOK

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

**Table 2**  
**Condensed Statements of Activities**  
**(in actual dollars)**

	<i>Governmental Activities</i>		
	2008	2007	Change
<b>Revenues</b>			
Charges for services	\$ 553,977	\$ 636,035	(12.9)%
Operating grants and contributions	135,107	211,603	(36.2)%
Taxes	5,635,766	4,905,922	14.9%
Other general revenues	<u>138,923</u>	<u>179,646</u>	(22.7)%
Total revenues	<u>6,463,773</u>	<u>5,933,206</u>	8.9%
<b>Expenses</b>			
General government	2,235,288	1,949,506	14.7%
TIF economic development	2,798,857	-	
Public safety	3,214,379	2,870,784	12.0%
Public works	359,003	389,620	(7.9)%
Interest on long term debt	<u>13,622</u>	<u>27,646</u>	(50.7)%
Total expenses	<u>8,621,149</u>	<u>5,237,556</u>	64.6%
Transfers	<u>300,000</u>	<u>259,200</u>	15.7%
Change in net assets	(1,857,376)	954,850	(294.5)%
Net assets, beginning of year	<u>3,202,210</u>	<u>2,247,360</u>	42.5%
Net assets end of year	<u>\$ 1,344,834</u>	<u>\$ 3,202,210</u>	(58.0)%

# VILLAGE OF MCCOOK

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

**Table 2**  
**Condensed Statements of Activities**  
**(in actual dollars)**

	<i>Business-Type Activities</i>				<i>Total</i>	
	2008	2007	Change	2008	2007	Change
<b>Revenues</b>						
<i>Program revenues</i>						
Charges for services	\$ 5,050,979	\$ 4,756,642	6.2%	\$ 5,604,956	\$ 5,392,677	3.9%
Operating grants and contributions	-	-		135,107	211,603	(36.2)%
<i>General revenues</i>						
Other taxes	-	-		5,635,766	4,905,922	14.9%
Other general revenues	90,827	18,419	393.1%	229,750	198,065	16.0%
Total revenues	5,141,806	4,775,061	7.7%	11,605,579	10,708,267	8.4%
<b>Expenses</b>						
General Government	-	-		2,235,288	1,949,506	14.7%
	-	-		2,798,857	-	
Public safety	-	-		3,214,379	2,870,784	12.0%
Public works	-	-		359,003	389,620	(7.9)%
Interest on long term debt - GA	-	-		13,622	27,646	(50.7)%
Water	4,400,423	4,114,317	7.0%	4,400,423	4,114,317	7.0%
Athletics and exposition	700,355	-		700,355	-	
Sewer	2,000	1,000	100.0%	2,000	1,000	100.0%
Total expenses	5,102,778	4,115,317	24.0%	13,723,927	9,352,873	46.7%
Transfers	(300,000)	(259,200)	15.7%	-	-	
Change in net assets	(260,972)	400,544	(165.2)%	(2,118,348)	1,355,394	(256.3)%
Net assets, beginning of year	10,081,417	9,680,873	4.1%	13,283,627	11,928,233	11.4%
Net assets end of year	\$ 9,820,445	\$ 10,081,417	(2.6)%	\$ 11,165,279	\$ 13,283,627	(15.9)%

### Normal Impacts

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

### Revenues

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

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

## VILLAGE OF MCCOOK

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

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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 increased receipt of TIF property taxes and replacement taxes. This increased tax revenue wasn't enough to support the increased expenses of 62.4% resulting in a decrease in net assets to \$11.2 million compared to \$13.2 million in the prior fiscal year. 53.2% of the increased expenses are related to the TIF Economic Development activity in 2008. Overall, the village's financial position has deteriorated since the prior fiscal year.

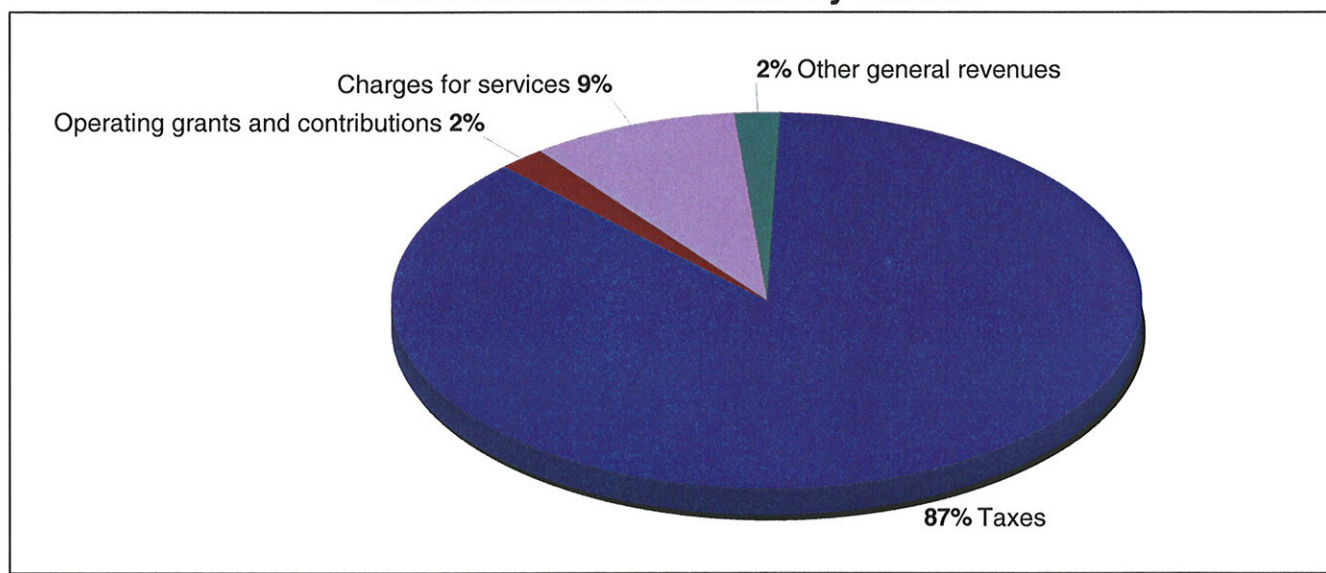


## VILLAGE OF MCCOOK

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

#### Governmental Activities

#### Governmental Revenues by Source



#### *Revenues*

The village has a large industrial base. In Illinois, large corporations have recently been successful at reducing their assessed valuations on which their real estate tax levies are based. The process to reduce these assessments or file and resolve other tax disputes can take years to wind their way through County and State boards and courts. In 2007, the village levied \$2.1 million in general real estate taxes but collected a net amount of \$1.9 million after reductions from prior year tax levy's and slowed collections by Cook County. The 2007 levy is collected in 2008. 2008 is the second year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected \$2,000,000 of the 2007 tax levy and \$212,000 from the 2006 tax levy within the TIF District. The current year increase in property taxes is directly related to the increased collections from the TIF District.

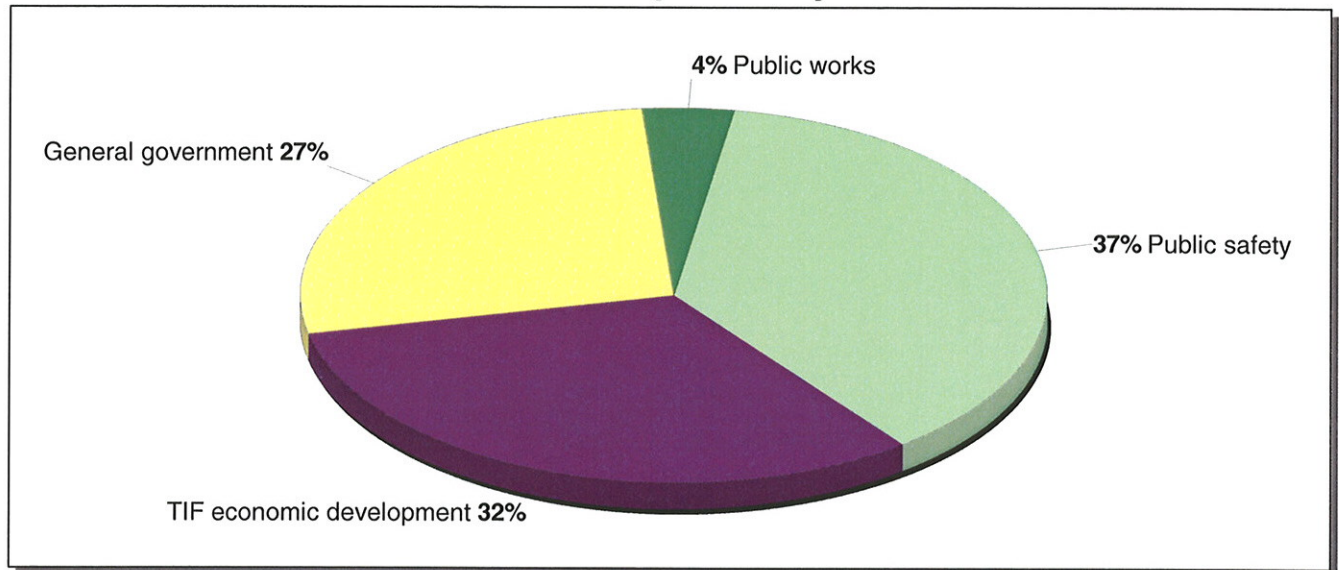
Interest income increased \$26 thousand as the village had more cash investments available for operating and investment purposes due to the bond issuance in 2008. The village had more money to put into interest earning liquid bank accounts.

The business-type activity of the Village of McCook includes the Water Department, Sewer Department and McCook Athletic and Exposition Center (Max). The Water Department serves the Village of McCook residents and businesses, along with providing water to the Villages of Hodgkins, Countryside and LaGrange. Pricing for water is based on a schedule set by the village and reflects increases as passed along from the village's supplier, the City of Chicago. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The City of Chicago has annually adjusted rates and this adjustment is passed along to village customers. The total assets of the business-type activity are \$25.6 million and the total liabilities are \$15.8 million, leaving net assets at \$9.8 million. The operating revenues of the Water Department remained flat in comparison to the prior year, due to similar water usage purchased by surrounding villages.

## VILLAGE OF MCCOOK

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

#### Governmental Expenses by Function



#### *Expenses*

On the expense side, the General Government expenses increased \$3 million related to the reimbursements paid to the 1st Avenue TIF developers as part of the TIF redevelopment agreement. Public Safety expenses increased by \$343 thousand due to an increase in additional compensation for police and firefighters, as well as the additional Police Department staff. Public Works expenses decreased by approximately \$30 thousand due primarily decreased maintenance.

#### **Financial Analysis of the Village's Funds**

At the of end of the current fiscal year, the Village of McCook's governmental funds reported a combined (major and non-major) ending fund balance deficit of \$(526,421) and a decrease of \$1,981,764 over fiscal year 2007. The expenditures have continued to exceed the revenues in the General Fund as the village has experienced in the recent past, and this was partially offset by a transfer from the Water Fund totaling \$300,000. The increased expenditures between years are related to personnel and insurance benefits. The village made an increase to public safety personnel with the growing needs of the community. The 1st Avenue TIF Fund was created to account for incremental taxes within the redevelopment area. The fund reimbursed the General Fund \$79,860 for administrative expenses in 2008.

## **VILLAGE OF MCCOOK**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008**

The Proprietary Funds are the Water and Sewer Departments and the Max (McCook Athletic and Exposition Center). The operating income for the Water Department decreased in 2008 by \$163 thousand in comparison to fiscal 2007. The operating revenues increased and are related to water sales to industrial and resale consumers. The condition of the area's weather affects water sales. The year 2008 was an average year for the area in terms of rainfall, which had little effect on sales. The increase relates to increased water rates. Operating expenses, consisting mostly of water purchases and personnel services, increased approximately \$292,000. This is primarily due to the increase in personnel, repairs and maintenance along with the cost of electricity, offset by water purchased from the City of Chicago. The net income for fiscal 2008 was \$180 thousand after consideration of non-operating revenues and expenses and transfers. The net assets of the proprietary funds at the end of fiscal 2008 equaled \$9.8 million, of which \$2.3 million is unrestricted. Transfers to the General Fund from the Water Fund totaled \$300,000. The village created the Max fund to account for operations of the McCook Athletic and Exposition Center. The village issued \$15 million in bonds to fund the purchase of the Max and ended the year with a deficit of (\$451,410).

#### **General Fund Budgetary Highlights**

The original budget was not amended during the year. The actual revenues fell below projected total revenues in the General Fund by \$375 thousand for the year ended December 31, 2008. The primary reason for the revenues falling short of the budgeted amounts is related to the deteriorating economy in 2008 along with the financial crisis that occurred during the last part of 2008. The nationwide financial crisis caused decreases in the availability of credit which many businesses need to expand operations. The revenues are then directly effected in a negative way by the lack of available credit to businesses.

The actual expenditures for fiscal 2008 were less than budget by \$1.04 million, a result of an attempt to adjust spending to projected revenues. The village is repaying a portion of the debt service out of the General Fund. The repayment of this debt was specifically not budgeted. Additional amounts were transferred from the Water Fund to ease the projected deficit in the General Fund. The General Fund balance as of December 31, 2008 is a deficit (\$503,976).

#### **Capital Assets and Debt Administration**

##### *Capital assets*

By the end of 2008, the village had compiled a total investment of \$32,142,761 (\$22,043,529 net of accumulated depreciation) in a broad range of capital assets including land, buildings, vehicles, machinery and equipment, and infrastructure. The village purchased the McCook Athletic and Exposition Center in 2008 using bond proceeds issued in 2008. Total depreciation expense for the year was \$595,302. More detailed information about capital assets can be found in Note III C. of the basic financial statements.

# VILLAGE OF MCCOOK

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008

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

	<i>Governmental Activities</i>		
	2008	2007	Change
Land	\$ 132,491	\$ 132,491	
Land improvements	6,813	8,298	(17.9)%
Buildings and building improvements	795,497	801,796	(0.8)%
Vehicles	343,605	404,263	(15.0)%
Machinery and equipment	370,978	360,005	3.0%
Infrastructure	719,777	813,000	(11.5)%
Total	<u>\$ 2,369,161</u>	<u>\$ 2,519,853</u>	(6.0)%

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

	<i>Business-Type Activities</i>			<i>Total</i>		
	2008	2007	Change	2008	2007	Change
Land	\$ -	\$ -		\$ 132,491	\$ 132,491	
Land Improvements	-	-		6,813	8,298	(17.9)%
Buildings and building improvements	12,715,514	1,611,746	688.9%	13,511,011	2,413,542	459.8%
Vehicles	13,819	25,905	(46.7)%	357,424	430,168	(16.9)%
Machinery and equipment	1,092,524	68,293	1,499.8%	1,463,502	428,298	241.7%
Infrastructure	<u>5,852,511</u>	<u>6,044,063</u>	(3.2)%	<u>6,572,288</u>	<u>6,857,063</u>	(4.2)%
Total	<u>\$ 19,674,368</u>	<u>\$ 7,750,007</u>	153.9%	<u>\$ 22,043,529</u>	<u>\$ 10,269,860</u>	114.6%

### Debt Administration

The debt administration discussion covers three types of debt reported by the village's financial statements. The village's governmental activities include a \$70,809 capital lease, \$205,595 vested compensated absences and \$220,638 net pension obligation. The village's governmental activities reported total debt of \$497,042 at December 31, 2008. The village adopted a new compensated absence policy during 2008.

In the village business-type activities, debt was increased by a net \$14.9 million to \$15 million. The business-type activity debt is paid primarily by revenues generated by the McCook Athletic and Exposition Center (Max Fund). The bonds of the business-type activities are obligations of the business-type activities and are used for buildings, building improvements, and equipment.

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



## **VILLAGE OF MCCOOK**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2008**

#### **Factors Bearing on the Village's Future**

The general economic conditions of southwestern Cook County and the Chicago metropolitan statistical area are affected by the national economic downturn. The unemployment rate is presently at 7.1% County-wide (Local Area Unemployment Statistics LAUS web site). The village has experienced turnover of several industrial facilities and is presently marketing the village and working with developers to encourage new development. The village is located in an Illinois enterprise zone and has the advantage of several incentive packages to industry that help keep it competitive as compared to other industrial locations. Also, the village has approved a tax increment financing district within the village boundaries. To date, multiple industrial buildings are being developed within the project area. The village has secured a commercial retailer to locate within the boundaries. The village expects an overall increase of economic impact based upon this redevelopment area. The impact is expected to range from permits and fees, to sales taxes, to restricted tax increment financing revenue. Also, in 2002, 2003, 2004, 2005, and 2006 the village received an increase in water rates from the City of Chicago. In January 2008, the village raised the water rate to village customers to offset these increases and capital expenditures.

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

All of the local economic factors, revenue projections, and analysis of village expenditures are being factored into fiscal 2009 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, 2008

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 167,087	\$ 3,753,548	\$ 3,920,635
Investments - certificates of deposits with banks	393,745	498,037	891,782
Receivables (net)			
Real estate taxes	3,820,409	-	3,820,409
Accounts	-	433,028	433,028
Other	47,453	-	47,453
Due from other governments	77,544	-	77,544
Prepaid items	96,842	-	96,842
Internal balances	(1,004,666)	1,004,666	-
Deferred charges	-	229,359	229,359
Capital assets (net of accumulated depreciation)			
Land	132,491	-	132,491
Land improvements	6,813	-	6,813
Buildings	795,497	12,715,514	13,511,011
Machinery and equipment	370,978	1,092,524	1,463,502
Infrastructure	719,777	5,852,511	6,572,288
Vehicles	343,605	13,819	357,424
Total Assets	<u>5,967,575</u>	<u>25,593,006</u>	<u>31,560,581</u>
<b>LIABILITIES</b>			
Accounts payable	87,863	533,137	621,000
Accrued salaries	186,864	30,670	217,534
Payroll liabilities	17,313	-	17,313
Accrued interest payable	864	61,970	62,834
Unearned revenue	3,832,795	170,185	4,002,980
Noncurrent liabilities			
Due within one year	157,338	168,018	325,356
Due in more than one year	339,704	14,808,581	15,148,285
Total Liabilities	<u>4,622,741</u>	<u>15,772,561</u>	<u>20,395,302</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,298,352	7,454,477	9,752,829
Restricted for			
Highways and streets	24,123	-	24,123
Public safety	202,680	-	202,680
Community Development	26,922	-	26,922
Unrestricted (deficit)	(1,207,243)	2,365,968	1,158,725
<b>TOTAL NET ASSETS</b>	<u>\$ 1,344,834</u>	<u>\$ 9,820,445</u>	<u>\$ 11,165,279</u>

See accompanying notes to financial statements.

# VILLAGE OF MCCOOK

## STATEMENT OF ACTIVITIES For the Year Ended DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 2,235,288	\$ 326,496	\$ -
Public safety	3,214,379	227,481	128,437
Public works	359,003	-	6,670
TIF economic development	2,798,857	-	-
Interest on long term debt	13,622	-	-
Total Governmental Activities	<u>8,621,149</u>	<u>553,977</u>	<u>135,107</u>
Business-type Activities			
Water	4,400,423	4,867,668	-
Sewer	2,000	14,811	-
Athletics and exposition	700,355	168,500	-
Total Business-type Activities	<u>5,102,778</u>	<u>5,050,979</u>	<u>-</u>
Total	<u>\$ 13,723,927</u>	<u>\$ 5,604,956</u>	<u>\$ 135,107</u>

### General Revenues

#### Taxes

Real estate  
Replacement  
State income  
Sales  
Dumping  
Tax stamps  
Mineral sales / use  
2% Fire  
Environmental  
Telecommunications  
Host  
Waste transfer

Unrestricted investment earnings

Refunds

Miscellaneous

Transfers

Total General Revenues and Transfers

### Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS - END OF YEAR

See accompanying notes to financial statements.



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Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,908,792)	\$ -	\$ (1,908,792)
(2,858,461)	-	(2,858,461)
(352,333)	-	(352,333)
(2,798,857)	-	(2,798,857)
(13,622)	-	(13,622)
<u>(7,932,065)</u>	<u>-</u>	<u>(7,932,065)</u>
-	467,245	467,245
-	12,811	12,811
-	<u>(531,855)</u>	<u>(531,855)</u>
-	<u>(51,799)</u>	<u>(51,799)</u>
<u>(7,932,065)</u>	<u>(51,799)</u>	<u>(7,983,864)</u>
4,045,127	-	4,045,127
525,389	-	525,389
24,045	-	24,045
562,255	-	562,255
57,796	-	57,796
117,560	-	117,560
65,142	-	65,142
3,097	-	3,097
40,000	-	40,000
105,196	-	105,196
10,101	-	10,101
80,058	-	80,058
53,482	90,827	144,309
23,810	-	23,810
61,631	-	61,631
<u>300,000</u>	<u>(300,000)</u>	<u>-</u>
<u>6,074,689</u>	<u>(209,173)</u>	<u>5,865,516</u>
(1,857,376)	(260,972)	(2,118,348)
<u>3,202,210</u>	<u>10,081,417</u>	<u>13,283,627</u>
<u>\$ 1,344,834</u>	<u>\$ 9,820,445</u>	<u>\$ 11,165,279</u>

See accompanying notes to financial statements.

# VILLAGE OF MCCOOK

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2008

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 26,923	\$ 140,164	\$ 167,087
Investments - other, at fair value	393,745	-	-	393,745
Receivables (net)				
Real estate taxes	2,116,582	1,703,827	-	3,820,409
Other	47,453	-	-	47,453
Prepaid items	96,842	-	-	96,842
Due from other governments	76,927	-	617	77,544
Due from other funds	-	-	1,064	1,064
Interfund advances	191,207	-	-	191,207
<b>TOTAL ASSETS</b>	<u>\$ 2,922,756</u>	<u>\$ 1,730,750</u>	<u>\$ 141,845</u>	<u>\$ 4,795,351</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 87,858	\$ -	\$ 5	\$ 87,863
Accrued salaries	186,864	-	-	186,864
Payroll liabilities	17,313	-	-	17,313
Due to other funds	1,005,730	-	-	1,005,730
Deferred revenues	2,128,967	1,703,828	-	3,832,795
Interfund advances	-	-	191,207	191,207
Total Liabilities	<u>3,426,732</u>	<u>1,703,828</u>	<u>191,212</u>	<u>5,321,772</u>

See accompanying notes to financial statements.

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	<u>General</u>	<u>1st Avenue TIF</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Fund Balances (Deficit)				
Reserved				
Reserved for				
prepaid insurance	\$ 96,842	\$ -	\$ -	\$ 96,842
Reserved for drug				
enforcement	202,680	-	-	202,680
Reserved for				
advances to other				
funds and non-				
current receivables	191,207	-	-	191,207
Designated for holiday				
events	30,152	-	-	30,152
Unreserved, reported				
in:				
General fund	(1,024,857)	-	-	(1,024,857)
Special revenue				
funds	<u>-</u>	<u>26,922</u>	<u>(49,367)</u>	<u>(22,445)</u>
Total Fund				
Balances				
(deficit)	<u>(503,976)</u>	<u>26,922</u>	<u>(49,367)</u>	<u>(526,421)</u>
 <b>TOTAL</b>				
<b>LIABILITIES</b>				
<b>AND FUND</b>				
<b>BALANCES</b>	<u>\$ 2,922,756</u>	<u>\$ 1,730,750</u>	<u>\$ 141,845</u>	<u>\$ 4,795,351</u>

See accompanying notes to financial statements.

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## VILLAGE OF MCCOOK

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2008

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Total Fund Balances - Governmental Funds	\$ (526,421)
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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 C.	2,369,161
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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.

Compensated absences	(205,595)
Accrued interest	(864)
Net pension obligation	(220,638)
Capital lease	<u>(70,809)</u>

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,344,834</u></b>
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# VILLAGE OF MCCOOK

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

For the Year Ended DECEMBER 31, 2008

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>				
Taxes	\$ 3,692,349	\$ 1,943,417	\$ -	\$ 5,635,766
Intergovernmental	128,437	-	6,670	135,107
Licenses, permits and fees	343,095	-	11,688	354,783
Fines and police reports	199,194	-	-	199,194
Investment income	49,789	3,479	214	53,482
Miscellaneous	85,441	-	-	85,441
Total Revenues	<u>4,498,305</u>	<u>1,946,896</u>	<u>18,572</u>	<u>6,463,773</u>
<b>EXPENDITURES</b>				
Current				
General government	2,071,363	-	-	2,071,363
Public safety	2,867,651	-	65,594	2,933,245
Public works	326,141	-	-	326,141
TIF economic development	-	2,798,857	-	2,798,857
Debt Service				
Principal retirement	442,913	-	-	442,913
Interest and other	16,807	-	-	16,807
Capital Outlay	156,211	-	-	156,211
Total Expenditures	<u>5,881,086</u>	<u>2,798,857</u>	<u>65,594</u>	<u>8,745,537</u>
Excess (deficiency) of revenues over expenditures	<u>(1,382,781)</u>	<u>(851,961)</u>	<u>(47,022)</u>	<u>(2,281,764)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	379,860	-	-	379,860
Transfers out	-	(79,860)	-	(79,860)
Total Other Financing Sources (Uses)	<u>379,860</u>	<u>(79,860)</u>	<u>-</u>	<u>300,000</u>
<b>Net Change in Fund Balances</b>	(1,002,921)	(931,821)	(47,022)	(1,981,764)
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<u>498,945</u>	<u>958,743</u>	<u>(2,345)</u>	<u>1,455,343</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ (503,976)</u>	<u>\$ 26,922</u>	<u>\$ (49,367)</u>	<u>\$ (526,421)</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, 2008

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Net change in fund balances - total governmental funds \$ (1,981,764)

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.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	147,453
Depreciation is reported in the government-wide financial statements	(281,776)
Net book value of assets retired	(16,369)

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	(129,909)
Accrued interest on debt	3,185

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.

442,913

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

(41,109)

#### CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ (1,857,376)

# VILLAGE OF MCCOOK

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,037,404	\$ 2,425,090	\$ 291,054
Investments - other, at fair value	398,037	-	100,000
Receivables (net)			
Accounts	404,322	27,391	1,315
Due from other funds	1,004,666	-	-
Unamortized debt issuance expenses	-	229,359	-
Total Current Assets	<u>2,844,429</u>	<u>2,681,840</u>	<u>392,369</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Buildings and improvements	1,564,898	11,150,616	-
Vehicles	13,819	-	-
Machinery and equipment	75,685	1,016,839	-
Infrastructure	<u>5,852,511</u>	<u>-</u>	<u>-</u>
Total Non-Current Assets	<u>7,506,913</u>	<u>12,167,455</u>	<u>-</u>
Total Assets	<u>10,351,342</u>	<u>14,849,295</u>	<u>392,369</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	410,818	122,319	-
Accrued salaries	30,670	-	-
Accrued interest	-	61,970	-
Unearned revenue	-	170,185	-
Total Current Liabilities	<u>441,488</u>	<u>354,474</u>	<u>-</u>
Non-Current Liabilities			
Long-Term Debt			
Due within one year	18,018	150,000	-
Due in more than one year	<u>12,350</u>	<u>14,796,231</u>	<u>-</u>
Total Liabilities	<u>471,856</u>	<u>15,300,705</u>	<u>-</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,506,913	(52,436)	-
Unrestricted	<u>2,372,573</u>	<u>(398,974)</u>	<u>392,369</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 9,879,486</u>	<u>\$ (451,410)</u>	<u>\$ 392,369</u>

See accompanying notes to financial statements.



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Totals

\$ 3,753,548  
498,037  
433,028  
1,004,666  
229,359  
5,918,638

12,715,514  
13,819  
1,092,524  
5,852,511  
19,674,368

25,593,006

533,137  
30,670  
61,970  
170,185  
795,962

168,018  
14,808,581

15,772,561

7,454,477  
2,365,968

\$ 9,820,445

# VILLAGE OF MCCOOK

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

For the Year Ended DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds		
	Major Water	Major Max	Nonmajor Fund - Sewer
<b>OPERATING REVENUES</b>			
Water sales pledged as security for			
Revenue bonds	\$ 4,844,426	\$ -	\$ -
Late charges	16,242	-	-
Sewer charges	-	-	14,811
Tap fees	7,000	-	-
Rentals and sales	-	168,500	-
Total Operating Revenues	<u>4,867,668</u>	<u>168,500</u>	<u>14,811</u>
<b>OPERATING EXPENSES</b>			
Personnel services	423,097	7,158	-
Contractual services	3,328,087	158,077	2,000
Supplies	18,336	42,693	-
Repairs and maintenance	24,514	10,312	-
Electricity	309,630	30,635	-
Depreciation	261,090	52,436	-
Other charges	32,609	1,875	-
Total Operating Expenses	<u>4,397,363</u>	<u>303,186</u>	<u>2,000</u>
Operating Income	<u>470,305</u>	<u>(134,686)</u>	<u>12,811</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	13,267	80,445	(2,885)
Bond interest expense	(3,060)	(397,169)	-
Total Nonoperating Revenues (Expenses)	<u>10,207</u>	<u>(316,724)</u>	<u>(2,885)</u>
Income Before Transfers	<u>480,512</u>	<u>(451,410)</u>	<u>9,926</u>
<b>TRANSFERS</b>			
Transfers out	(300,000)	-	-
Total Transfers	<u>(300,000)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	180,512	(451,410)	9,926
NET ASSETS - Beginning of Year	<u>9,698,974</u>	<u>-</u>	<u>382,443</u>
NET ASSETS - END OF YEAR	<u>\$ 9,879,486</u>	<u>\$ (451,410)</u>	<u>\$ 392,369</u>

See accompanying notes to financial statements.

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Totals

\$ 4,844,426  
16,242  
14,811  
7,000  
168,500  
5,050,979

430,255  
3,488,164  
61,029  
34,826  
340,265  
313,526  
34,484  
4,702,549

348,430

90,827  
(400,229)

(309,402)

39,028

(300,000)  
(300,000)

(260,972)

10,081,417

\$ 9,820,445

See accompanying notes to financial statements.

# VILLAGE OF MCCOOK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 4,822,284	\$ 311,294	\$ 14,811
Paid to suppliers for goods and services	(3,655,991)	(70,797)	(2,000)
Paid to employees for services	(395,766)	(57,634)	-
Net Cash Flows From Operating Activities	<u>770,527</u>	<u>182,863</u>	<u>12,811</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	13,267	80,445	-
Purchase of investment securities	(3,032)	-	-
Decrease in interest receivable	3,704	-	-
Net Cash Flows From Investing Activities	<u>13,939</u>	<u>80,445</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers - out to other funds	(300,000)	-	-
Interfund borrowing / (lending)	(826,097)	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,126,097)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	-	14,946,231	-
Debt retired	(160,000)	-	-
Interest paid	(4,672)	(335,199)	-
Debt issuance costs	-	(229,359)	-
Acquisition and construction of capital assets	(17,996)	(12,219,891)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(182,668)</u>	<u>2,161,782</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(524,299)</b>	<b>2,425,090</b>	<b>12,811</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>1,561,703</u>	<u>-</u>	<u>278,243</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,037,404</u></u>	<u><u>\$ 2,425,090</u></u>	<u><u>\$ 291,054</u></u>

See accompanying notes to financial statements.

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Totals

\$ 5,148,389  
(3,728,788)  
(453,400)

966,201

93,712  
(3,032)  
3,704

94,384

(300,000)  
(826,097)

(1,126,097)

14,946,231  
(160,000)  
(339,871)  
(229,359)  
(12,237,887)

1,979,114

1,913,602

1,839,946

\$ 3,753,548

# VILLAGE OF MCCOOK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended DECEMBER 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Max</u>	<u>Nonmajor Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 470,305	\$ (134,686)	\$ 12,811
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	261,090	52,436	-
Changes in assets and liabilities			
Increase in accounts receivable	(45,384)	(27,391)	-
Increase in accounts payable	57,185	122,319	-
Increase in accrued salaries	8,494	-	-
Increase in compensated absences	18,837	-	-
Increase in unearned revenue	-	170,185	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 770,527</u>	<u>\$ 182,863</u>	<u>\$ 12,811</u>

See accompanying notes to financial statements.

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<u>Totals</u>	
\$	348,430
	313,526
	(72,775)
	179,504
	8,494
	18,837
	<u>170,185</u>
\$	<u><u>966,201</u></u>

## VILLAGE OF MCCOOK

### STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2008

---

	<u>Pension Trusts</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 277,522
Investments - certificates of deposits with banks	895,954
Investments - other, at fair value	5,596,916
Interest receivable	<u>9,228</u>
Total Assets	<u>6,779,620</u>
<b>LIABILITIES</b>	
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 6,779,620</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 6,779,620</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, 2008

	<u>Pension Trusts</u>
<b>ADDITIONS</b>	
Employee contributions	\$ 119,724
Total	<u>119,724</u>
Investment income:	
Bank deposits	29,789
Government securities	33,328
Insurance contracts	24,754
Net depreciation in fair value of investments	<u>(2,149,445)</u>
Total Investment Income	<u>(2,061,574)</u>
Total Additions	<u>(1,941,850)</u>
<b>DEDUCTIONS</b>	
Payments to participants	481,947
Payments to beneficiaries	158,136
Administrative	<u>25,043</u>
Total Deductions	<u>665,126</u>
<b>Change in Net Assets</b>	<b>(2,606,976)</b>
NET ASSETS - Beginning of Year	<u>9,386,596</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 6,779,620</u></b>

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, 2008

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

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

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

#### ***A. REPORTING ENTITY***

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

#### ***Blended Component Units***

The 911 Emergency Telephone System Board serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for user charges and bond issuance authorizations are approved by the government's council and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Authority is reported as a special revenue fund. The Authority 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, 2008

---

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

---

#### **A. REPORTING ENTITY (cont.)**

##### ***Blended Component Unit (cont.)***

The Firefighters' Pension Employees Retirement System (FPERS) is established for the village's firefighters. FPERS functions for the benefit of these employees and is governed by a nine-member pension board. The village's President, Treasurer, Clerk, Attorney, and Fire Chief; one pension beneficiary elected by the membership; and three fire employees elected by the membership constitute the pension board. As of December 31, 2008, the FPERS was unable to fill the beneficiary and two fire employees memberships to the pension board due to limited participants. The village and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### ***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, 2008

---

### 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 non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

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

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

The village reports the following major governmental funds:

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

The village reports the following major enterprise funds:

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

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

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

Motor Fuel Tax Fund

911 E.T.S. Fund

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

---

### 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 - may be used to 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 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  
Firefighters' Pension

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

---

### 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, 2008

---

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

---

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

##### ***Fund Financial Statements (cont.)***

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

##### ***All Financial Statements***

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

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY***

##### ***1. Deposits and Investments***

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

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

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

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

---

### 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 agreement.

#### **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 pensions' investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. As of December 31, 2008 Illinois funds had a rating of "AAAm" with their applicable rating agency. As of December 31, 2008, all of the village's and pensions' applicable other debt investments had either "AAA" or "A-1+" ratings with their applicable rating agency.

#### **Concentration of Credit Risk**

The village's and pensions' investment policies require diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The village's and police pension's policy further states that up to 35% of the market value of the Fund's present net assets may be invested in any combination of separate life insurance accounts or mutual funds. In the Police Pension, the insurance contracts of Manufacture Life Insurance, \$3,310,270, Jackson National Life Insurance contract, \$1,095,071, and Lincoln Benefit Life Insurance contract, \$649,892 each exceeded five percent of the plan's net assets and total investments. The Firefighters' Pension investment policy does not specifically address these risks. The village operates its investments as an internal investment pool where each fund reports its pro rata share of the investments made by the village. In this internal investment pool there were no investments which are subject to concentration for credit risk that represent more than 5% of the portfolio as of December 31, 2008.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

---

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

---

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

##### *1. Deposits and Investments (cont.)*

#### **Custodial Credit Risk - Deposits**

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The village does not require collateralization of deposits, unless the amount of the funds deposited in a financial institution exceeds 50% of the capital stock and surplus of a bank, exceeds 50% of the net worth of a savings bank or savings and loan association, or exceeds 50% of the unimpaired capital and surplus of a credit union. The Police Pension's and Firefighters' Pension's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be collateralized. As of December 31, 2008, \$3,584,147, of the village's deposits were uninsured and uncollateralized. As of December 31, 2008, \$209,412 of the pension's deposits were uninsured and uncollateralized.

#### **Custodial Credit Risk - Investments**

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The village's investment policy does not collateralization of investments, unless the amount of funds deposited in a financial institution exceeds 50% of the capital stock and surplus of a bank, exceeds 50% of the unimpaired capital and surplus of a credit union. The Police Pension's and Firefighters' Pension's investment policy does not specifically address these risks. As of December 31, 2008, all of the village's and pension's deposits were collateralized in accordance with their investment policy.

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

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

See Note III. A. for further information.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

---

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

---

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

##### ***2. Receivables***

Property taxes for levy year 2008 attaches as an enforceable lien on January 1, 2008, 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 2008 tax levy, which attached as an enforceable lien on the property as of January 1, 2008, has been recorded as a receivable as of December 31, 2008.

Tax bills for levy year 2008 are prepared by the Cook County Collector and issued on or about February 1, 2008 and September 1, 2009, and are payable in two installments, on or about March 1, 2009 and October 1, 2009 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2008 property tax levy is recognized as a receivable and deferral in fiscal 2008, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2008, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2008 levy.

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent (\$77,955) of outstanding property taxes at December 31, 2008.

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

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

##### ***3. Prepaid Items***

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

##### ***4. Restricted Assets***

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

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

---

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

---

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

##### **5. Capital Assets**

###### ***Government-Wide Statements***

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

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

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

###### ***Fund Financial Statements***

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

##### **6. 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 first in - first out basis. Vacations may accrue without limit. The liability for sick pay is recognized based on the employee's current rate of pay at year-end. Upon termination accumulated sick leave shall be paid at a proportionate rate equal to years of service for the remaining sick leave accumulated. The liability for sick pay is recognized based upon the employee's current rate of pay at year - end and years of service accumulated.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

##### ***7. 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 \$3.46 million.

##### ***8. Claims and Judgments***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

##### ***9. 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.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

##### *9. Equity Classifications (cont.)*

##### *Government-Wide Statements (cont.)*

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

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### NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### *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.

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

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

## VILLAGE OF MCCOOK

### NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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##### ***B. EXCESS EXPENDITURES OVER APPROPRIATIONS***

Budgeted expenditures in the Motor Fuel Tax fund (including amendments) were \$25,000. Total expenditures were \$61,440. This results in excess expenditures of \$36,440. The overage is related to unplanned capital maintenance.

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

##### ***C. DEFICIT BALANCES***

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

As of December 31, 2008, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
911 E.T.S.	\$ 73,490	Carryforward of the initial start up cost of the 911 System
General	503,976	Expenditures increased while revenues stayed the same or decreased
Max	451,410	Start up cost associated with the purchase of the McCook Athletic and Exposition Center

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#### NOTE III - DETAILED NOTES ON ALL FUNDS

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##### ***A. DEPOSITS AND INVESTMENTS***

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as cash and investments. In addition, investments are separately held by several of the village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.



# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

#### A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,353,308	\$ 7,464,568	Custodial credit risk - deposits
US agencies	493,480	493,480	Custodial credit risk - investments; Credit risk; Interest rate risk
Insurance contracts	5,055,233	5,055,233	Concentration of credit risk
State and local obligations	48,202	48,202	Custodial credit risk - investments; Credit risk; Interest rate risk
Illinois Funds	<u>632,586</u>	<u>632,586</u>	Interest rate risk
Total Deposits and Investments	<u>\$ 11,582,809</u>	<u>\$ 13,694,069</u>	

#### Reconciliation to financial statements

##### Per statement of net assets

Unrestricted cash and cash equivalents	\$ 3,920,635
Investments - certificates of deposits with banks	891,782

##### Per statement of net assets- fiduciary funds

Cash and cash equivalents	277,522
Investments - certificates of deposits with banks	895,954
Investments - other	<u>5,596,916</u>

Total Deposits and Investments	<u>\$ 11,582,809</u>
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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

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

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.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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#### **A. DEPOSITS AND INVESTMENTS (cont.)**

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.

#### ***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, 2008, \$3,793,559 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,793,559
Total	\$ 3,793,559

##### **Investments**

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

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

#### ***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2008, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Manufacture Life Insurance	Separate contract	50.59%
Jackson National Life Insurance	General contract	16.74%
Lincoln Benefit Life Insurance	General contract	9.93%

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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#### A. DEPOSITS AND INVESTMENTS (cont.)

##### *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, 2008, the village's investments were as follows:

Investment Type	Maturity (In Years)				
	Fair Value	Less than 1	1-5	6-10	More Than 10
Primary Government Illinois Funds	\$ 632,586	\$ 632,586	\$ -	\$ -	\$ -
Police Pension Fund					
State & Local G.O. Bonds	48,202	-	48,202	-	-
U.S. Government Securities	493,480	-	-	175,233	318,247
Totals	<u>\$ 1,174,268</u>	<u>\$ 632,586</u>	<u>\$ 48,202</u>	<u>\$ 175,233</u>	<u>\$ 318,247</u>

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

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

### 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	Max Fund	Nonmajor and Other Funds	Totals
Receivables						
Taxes	\$ 2,159,766	\$ 1,738,599	\$ -	\$ -	\$ -	\$ 3,898,365
Water Billings	-	-	404,322	27,391	-	431,713
Sewer Billings	-	-	-	-	1,315	1,315
Interest	-	-	-	-	9,228	9,228
Sales Tax	38,558	-	-	-	-	38,558
Mineral/Prd Sales/Use	6,981	-	-	-	-	6,981
Dumping Tax	1,788	-	-	-	-	1,788
Waste Tax	26,782	-	-	-	-	26,782
Income Tax	1,110	-	-	-	-	1,110
MFT	-	-	-	-	617	617
Home Rule Sales Tax	37,258	-	-	-	-	37,258
Other	11,902	-	-	-	-	11,902
Gross receivables	2,284,145	1,738,599	404,322	27,391	11,160	4,465,617
Less: Allowance for uncollectibles	(43,183)	(34,772)	-	-	-	(77,955)
Net Total Receivables	<u>\$ 2,240,962</u>	<u>\$ 1,703,827</u>	<u>\$ 404,322</u>	<u>\$ 27,391</u>	<u>\$ 11,160</u>	<u>\$ 4,387,662</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	\$ 3,819,795
Rental revenue	13,000
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,832,795</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, 2008

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

#### **C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 132,491	\$ -	\$ -	\$ 132,491
Total Capital Assets Not Being Depreciated	<u>132,491</u>	<u>-</u>	<u>-</u>	<u>132,491</u>
Capital assets being depreciated				
Land improvements	91,950	-	-	91,950
Buildings	1,151,266	16,258	-	1,167,524
Machinery and equipment	777,523	72,364	-	849,887
Infrastructure	3,091,607	-	-	3,091,607
Vehicles	1,320,473	58,831	39,677	1,339,627
Total Capital Assets Being Depreciated	<u>6,432,819</u>	<u>147,453</u>	<u>39,677</u>	<u>6,540,595</u>
Total Capital Assets	<u>6,565,310</u>	<u>147,453</u>	<u>39,677</u>	<u>6,673,086</u>
Less: Accumulated depreciation for				
Land improvements	(83,652)	(1,485)	-	(85,137)
Buildings	(349,470)	(22,557)	-	(372,027)
Machinery and equipment	(417,518)	(61,391)	-	(478,909)
Infrastructure	(2,278,607)	(93,223)	-	(2,371,830)
Vehicles	(916,210)	(103,120)	23,308	(996,022)
Total Accumulated Depreciation	<u>(4,045,457)</u>	<u>(281,776)</u>	<u>23,308</u>	<u>(4,303,925)</u>
Net Capital Assets Being Depreciated	<u>2,387,362</u>	<u>(134,323)</u>	<u>16,369</u>	<u>2,236,670</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,519,853</u>	<u>\$ (134,323)</u>	<u>\$ 16,369</u>	<u>\$ 2,369,161</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
Administration	\$ 15,558
Public safety	134,479
Public works, which includes the depreciation of infrastructure	<u>131,739</u>
Total Governmental Activities Depreciation Expense	<u>\$ 281,776</u>

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

#### C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets being depreciated				
Buildings and improvements	\$ 2,398,309	\$ 11,187,629	\$ -	\$ 13,585,938
Machinery and equipment	303,496	1,050,258	-	1,353,754
Vehicles	235,653	-	-	235,653
Infrastructure	10,294,330	-	-	10,294,330
Total Capital Assets Being Depreciated	13,231,788	12,237,887	-	25,469,675
Less: Accumulated depreciation for				
Buildings and improvements	(786,563)	(83,861)	-	(870,424)
Machinery and equipment	(235,203)	(26,027)	-	(261,230)
Vehicles	(209,748)	(12,086)	-	(221,834)
Infrastructure	(4,250,267)	(191,552)	-	(4,441,819)
Total Accumulated Depreciation	(5,481,781)	(313,526)	-	(5,795,307)
Net Capital Assets Being Depreciated	7,750,007	11,924,361	-	19,674,368
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,750,007</u>	<u>\$ 11,924,361</u>	<u>\$ -</u>	<u>\$ 19,674,368</u>

#### Business-type Activities

Depreciation expense was charged to functions as follows:

#### Business-type Activities

Water	\$ 261,090
Athletic and Exposition	<u>52,436</u>
Total Business-type Activities Depreciation Expense	<u>\$ 313,526</u>

## VILLAGE OF MCCOOK

### NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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##### *D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS*

###### *Interfund Receivables/Payables*

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water	General	\$ 1,004,666
Non-major Governmental Fund	General	<u>1,064</u>
Total - Fund Financial Statements		<u>1,005,730</u>
Less: Government-wide eliminations		<u>(1,064)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 1,004,666</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Business-type Activities	Governmental Activities	<u>\$ 1,004,666</u>
Total Government-Wide Financial Statements		<u>\$ 1,004,666</u>

All amounts are due within one year.

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

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

###### *Advances*

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

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

#### *D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)*

##### **Advances (cont.)**

The following is a schedule of interfund advances:

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

##### **Transfers**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Fund	\$ 300,000	Operating expenses
General Fund	1st Avenue TIF Fund	79,860	Administrative expenses
Total - Fund Financial Statements		<u>379,860</u>	
Less: Government-wide eliminations		<u>(79,860)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 300,000</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 300,000	
Total Government-wide Financial Statements		<u>\$ 300,000</u>	

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



# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

##### Transfers (cont.)

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

#### E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 410,000	\$ -	\$ 410,000	\$ -	\$ -
Sub-totals	410,000	-	410,000	-	-
Other Liabilities					
Vested compensated absences	90,412	251,052	135,869	205,595	122,787
Capital leases	103,722	-	32,913	70,809	34,551
Net pension obligation	179,529	41,109	-	220,638	-
Total Other Liabilities	373,663	292,161	168,782	497,042	157,338
Total Governmental Activities Long-Term Liabilities	<u>\$ 783,663</u>	<u>\$ 292,161</u>	<u>\$ 578,782</u>	<u>\$ 497,042</u>	<u>\$ 157,338</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 160,000	\$ 15,030,000	\$ 160,000	\$ 15,030,000	\$ 150,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	-	(86,129)	(2,360)	(83,769)	-
Sub-totals	160,000	14,943,871	157,640	14,946,231	150,000
Other Liabilities					
Vested compensated absences	11,531	39,454	20,617	30,368	18,018
Total Other Liabilities	11,531	39,454	20,617	30,368	18,018
Total Business-type Activities Long-Term Liabilities	<u>\$ 171,531</u>	<u>\$ 14,983,325</u>	<u>\$ 178,257</u>	<u>\$ 14,976,599</u>	<u>\$ 168,018</u>

#### General Obligation Debt

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

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

#### *E. LONG-TERM OBLIGATIONS* (cont.)

##### *General Obligation Debt* (cont.)

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
2008 Series	6/16/2008	12/1/2030	4.00% - 5.00%	\$ 15,030,000	<u>\$ 15,030,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 15,030,000</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities General Obligation Debt	
	Principal	Interest
2009	\$ 150,000	\$ 743,645
2010	170,000	737,645
2011	200,000	730,845
2012	235,000	722,845
2013	275,000	713,445
2014-2018	2,015,000	3,354,075
2019-2023	3,505,000	2,721,475
2024-2028	5,565,000	1,651,520
2029-2030	<u>2,915,000</u>	<u>229,320</u>
Totals	<u>\$ 15,030,000</u>	<u>\$ 11,604,815</u>

#### *Capital Leases*

Refer to Note III F.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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#### ***F. LEASE DISCLOSURES***

##### ***Lessee - Capital Leases***

In 2005 the village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$135,099, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2008, are as follows:

<u>Years</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 34,551	\$ 3,495	\$ 38,046
2010	<u>36,258</u>	<u>1,789</u>	<u>38,047</u>
Totals	<u>\$ 70,809</u>	<u>\$ 5,284</u>	<u>\$ 76,093</u>

##### ***Lessee - Operating Leases***

The Village is the lessee of an operating lease with The Metropolitan Water Reclamation District of Greater Chicago. The lease call for 2% of net income from the water department after deduction of usual expenses, with bonded indebtedness, bond payments, principal and interest, reserve fund and depreciation deductions. The Village paid \$28,115 in 2008 for the 1997 through 2007 periods.

#### Years

##### ***Lessor - Operating Leases***

The Village leases a portion of the McCook Athletic and Exposition Center to a tenant on a month to month basis at \$4,000 per month. Rental includes office space and use of athletic fields when space is available.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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#### ***G. NET ASSETS/FUND BALANCES***

Net assets reported on the government wide statement of net assets at December 31, 2008, includes the following:

#### ***Governmental Activities***

Invested in Capital Assets, Net of Related Debt	
Land	\$ 132,491
Land improvements	6,813
Buildings	795,497
Machinery and equipment	370,978
Infrastructure	719,777
Vehicles	343,605
Less: Long-term debt outstanding	<u>(70,809)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>2,298,352</u>
Restricted	
Highways and streets	24,123
Public safety	202,680
Community development	<u>26,922</u>
Total Restricted	<u>253,725</u>
Unrestricted (deficit)	<u>(1,207,243)</u>
Total Governmental Activities Net Assets	<u>\$ 1,344,834</u>

#### ***Governmental Funds***

Governmental fund balances reported on the fund financial statements at December 31, 2008, include the following:

<b>Reserved</b>	
Major Funds	
General Fund	
Prepaid items	\$ 96,842
Drug enforcement	202,680
Advance to other funds	<u>191,207</u>
Total	<u>\$ 490,729</u>

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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#### **G. NET ASSETS/FUND BALANCES (cont.)**

##### **Governmental Funds (cont.)**

##### **Unreserved (designated)**

###### Major Funds

###### General Fund

###### Holiday events

\$ 30,152

###### Total

\$ 30,152

##### **Unreserved (undesignated) (deficit)**

###### Major Funds

###### General fund

###### 1st Avenue TIF

\$ (1,024,857)

26,922

###### Total

\$ (997,935)

###### Non-Major Funds

###### Special Revenue Funds

###### Motor Fuel Tax

###### 911 E.T.S. Fund

\$ 24,123

(73,490)

###### Total

\$ (49,367)

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### NOTE IV - OTHER INFORMATION

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#### **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.

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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### NOTE IV - OTHER INFORMATION (cont.)

---

#### *A. EMPLOYEES' RETIREMENT SYSTEM (cont.)*

##### **Illinois Municipal Retirement Fund - REG**

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months's earnings during the last 10 years) of earnings for each year thereafter. IMRF provides credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in IMRF, as specified by statute. For calendar year 2007, the village's required contribution rate was 2.45%.

##### **Illinois Municipal Retirement Fund - SLEP**

The employer's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Your employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

As set by statute, your employer Sheriff's Laws Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 13.13 percent of annual covered payroll. Your employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

##### **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, 2008

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#### NOTE IV - OTHER INFORMATION (cont.)

---

##### *A. EMPLOYEES' RETIREMENT SYSTEM (cont.)*

##### **Police Pension (cont.)**

At December 31, 2008, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	\$	14
Current employees:		
Vested		8
Non vested		<u>9</u>
Total	\$	<u><u>31</u></u>

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

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

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective July 1, 1993 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. For the year ended December 31, 2008, the village's contribution was 0.00% of covered payroll.

##### **Firefighters' Pension**

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

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

---

### NOTE IV - OTHER INFORMATION (cont.)

---

#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

##### **Firefighters' Pension (cont.)**

At December 31, 2008, 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	\$	<u>1</u>

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

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

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2008, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective July 1, 1993 the village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded by the year 2033. For the year ended December 31, 2008, the village's contribution was 0.00% of covered payroll.

#### **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.



# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### Summary of Significant Accounting Policies (cont.)

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

#### Annual Pension Cost

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

	Illinois Municipal Retirement - REG	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007
Contribution rates:				
Employer	2.45%	13.13%	18.76%	46.68%
Employee	4.50%	7.50%	9.91%	9.46%
Annual required contribution	\$26,313	\$8,680	\$220,523	\$35,586
Contributions made	\$26,313	\$8,680	\$180,000	\$35,000
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal	Entry-age normal	Entry-age normal
Asset valuation method	market	Market	Market	Market
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period	31 years, closed	30 years, closed	26 years, closed	26 years, closed
Actuarial assumptions:				
Investment rate of return	7.50% Compounded annually	750.0% Compounded annually	7.00% Compounded annually	7.00% Compounded annually
Projected salary increases	0.4 to 11.6%	0.4 to 10.0%	5.50%	5.50%
Inflation rate included	4.00%	400.0%	3.00%	3.00%
Cost-of-living adjustments	3.00%	300.0%	3.00%	3.00%

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### Net Pension Obligation

The following is the net pension obligation calculation from the December 31, 2007 actuarial report:

Net Pension Obligation:	Police Pension	Firefighters' Pension
Annual required contribution	\$ 216,533	\$ 35,063
Interest on net pension obligation	11,110	1,457
Adjustment to annual required contribution	(7,120)	(934)
Annual pension cost	220,523	35,586
Contributions made	(180,000)	(35,000)
Change in net pension obligation	40,523	586
Net pension obligation, beginning of year	158,708	20,821
Net pension obligation, end of year	<u>\$ 199,231</u>	<u>\$ 21,407</u>

The Village has not contributed any additional employer contributions to either pension fund as of December 31, 2008.

#### 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 required contribution (ARC)	2007	\$ 26,313	\$ 8,680	\$ 220,523	\$ 35,586
	2006	31,984	N/A	192,225	31,635
	2005	7,529	N/A	154,618	31,755
Contributions made	2007	\$ 26,313	\$ 8,680	\$ 180,000	\$ 35,000
	2006	31,984	N/A	188,188	35,015
	2005	7,529	N/A	150,433	35,000
Percentage of APC contributed	2007	N/A	100%	81.6%	98.4%
	2006	100%	N/A	97.9%	110.8%
	2005	100%	N/A	97.3%	110.2%
Net pension obligation	2007	\$ -	\$ -	\$ 199,231	\$ 21,407
	2006	-	N/A	158,708	20,821
	2005	-	N/A	154,618	24,249

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### Funded Status and Funding Progress

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

	Illinois Municipal Retirement	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2008	December 31, 2008	December 31, 2008	December 31, 2008
Actuarial Valuation of Assets (a)	\$ 2,348,531	\$ 44,132	\$ 9,161,937	\$ 224,659
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 1,941,783	\$ 28,981	\$ 10,929,706	\$ 768,412
Unfunded AAL (UAAL) (b - a)	\$ (406,748)	\$ (15,151)	\$ 1,767,769	\$ 543,753
Funded Ratio (a/b)	120.95 %	152.28%	83.83%	29.24 %
Covered Payroll (c)	\$ 1,357,168	\$ 70,983	\$ 959,358	\$ 74,970
UAAL as a percentage of Covered Payroll ( (b-a) /c)	- %	-%	184.27%	725.29 %

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

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### PENSION SEGMENT INFORMATION

##### *Fiduciary Net Assets*

	Pension Trust		
	Police Pension	Fire Pension	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 245,437	\$ 32,085	\$ 277,522
Investments			
Investments - certificates of deposits with banks	700,000	195,954	895,954
Investments - other, at fair value	5,596,916	-	5,596,916
Receivables - (net allowances for uncollectibles)			
Interest receivable	9,228	-	9,228
Total assets	<u>6,551,581</u>	<u>228,039</u>	<u>6,779,620</u>
<b>Liabilities</b>			
<b>Net assets</b>			
Unreserved fund balance	<u>\$ 6,551,581</u>	<u>\$ 228,039</u>	<u>\$ 6,779,620</u>

# VILLAGE OF MCCOOK

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Changes in Plan Net Assets

	Pension Trust		
	Police Pension	Fire Pension	Total
<b>Additions</b>			
Contributions			
Employee contributions	\$ 113,056	\$ 6,668	\$ 119,724
Total contributions	<u>113,056</u>	<u>6,668</u>	<u>119,724</u>
Investment Income			
Bank deposits	24,331	5,458	29,789
Government securities	33,328	-	33,328
Insurance contracts	24,754	-	24,754
Net depreciation in fair value of investments	<u>(2,149,445)</u>	<u>-</u>	<u>(2,149,445)</u>
Net investment income	<u>(2,067,032)</u>	<u>5,458</u>	<u>(2,061,574)</u>
Total additions	<u>(1,953,976)</u>	<u>12,126</u>	<u>(1,941,850)</u>
<b>Deductions</b>			
Payments to participants	\$ 481,947	\$ -	\$ 481,947
Payments to beneficiaries	152,031	6,105	158,136
Other	<u>22,402</u>	<u>2,641</u>	<u>25,043</u>
Total deductions	<u>656,380</u>	<u>8,746</u>	<u>665,126</u>
Net change in net assets	(2,610,356)	3,380	(2,606,976)
Net assets, beginning of year	<u>9,161,937</u>	<u>224,659</u>	<u>9,386,596</u>
Net assets, end of year	<u>\$ 6,551,581</u>	<u>\$ 228,039</u>	<u>\$ 6,779,620</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, 2008

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### NOTE IV - OTHER INFORMATION (cont.)

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#### ***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***

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.

#### ***D. OTHER POSTEMPLOYMENT BENEFITS***

The village provides postemployment health insurance benefits for all eligible employees. Eligibility is based on years of service and age upon retirement. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the village. Funding for those costs is provided out of the current operating budget of the village. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were \$120,832. The estimated liability for amounts earned by current and retired employees through the end of the year is \$0. The number of participants currently eligible to receive benefits is 13.

#### ***E. SUBSEQUENT EVENTS***

The village has opened a line of credit with Republic Bank of Chicago in the amount of \$1,250,000 subsequent to December 31, 2008.

Subsequent to December 31, 2008, the investment markets have experienced a significant decline in value. It is highly likely the value of the pension's investments have decreased by material amounts since December 31, 2008.

## VILLAGE OF MCCOOK

### NOTES TO FINANCIAL STATEMENTS December 31, 2008

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### *F. TAX INCREMENT FINANCING DISTRICT*

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

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

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

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**REQUIRED SUPPLEMENTARY INFORMATION**

# VILLAGE OF MCCOOK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget	2007 Actual
<b>REVENUES</b>				
<b>TAXES</b>				
Real estate	\$ 2,500,000	\$ 2,101,710	\$ (398,290)	\$ 2,110,451
Replacement	533,000	525,389	(7,611)	533,341
State income	22,000	24,045	2,045	22,481
Sales	624,000	562,255	(61,745)	578,561
Dumping	83,000	57,796	(25,204)	77,808
Tax stamp	46,000	117,560	71,560	46,100
Mineral sales/use	67,500	65,142	(2,358)	69,738
2% fire	6,000	3,097	(2,903)	5,864
Environmental	40,000	40,000	-	40,000
Telecommunication	79,500	105,196	25,696	79,767
Host	15,800	10,101	(5,699)	13,398
Waste transfer	71,000	80,058	9,058	71,070
<b>Total Taxes</b>	<b>4,087,800</b>	<b>3,692,349</b>	<b>(395,451)</b>	<b>3,648,579</b>
<b>INTERGOVERNMENTAL</b>				
State forfeiture	-	569	569	-
Federal forfeiture	-	127,868	127,868	204,347
<b>Total Intergovernmental</b>	<b>-</b>	<b>128,437</b>	<b>128,437</b>	<b>204,347</b>
Licenses, permits and fees	484,000	343,095	(140,905)	479,401
Fines and police reports	146,000	199,194	53,194	142,737
Interest	89,400	49,789	(39,611)	99,961
Miscellaneous	66,400	85,441	19,041	79,334
<b>Total Revenues</b>	<b>4,873,600</b>	<b>4,498,305</b>	<b>(375,295)</b>	<b>4,654,359</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
General government	2,289,925	2,071,363	218,562	1,872,627
<b>PUBLIC SAFETY</b>				
License and enforcement	104,700	18,249	86,451	11,335
Police department	2,273,850	2,010,426	263,424	1,935,324
Fire department	1,154,200	821,838	332,362	769,506
Board of police and fire commissioners	14,600	8,918	5,682	7,345
Health department	23,000	8,220	14,780	9,684
Environmental control	44,100	-	44,100	23,202
<b>Total Public Safety</b>	<b>3,614,450</b>	<b>2,867,651</b>	<b>746,799</b>	<b>2,756,396</b>

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

# VILLAGE OF MCCOOK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget	2007 Actual
<b>PUBLIC WORKS</b>				
Buildings and grounds	\$ 295,600	\$ 271,604	\$ 23,996	\$ 220,728
Sanitation	12,500	2,476	10,024	79
Streets	222,100	18,706	203,394	10,058
Street lighting	71,000	33,355	37,645	26,533
Total Public Works	<u>601,200</u>	<u>326,141</u>	<u>275,059</u>	<u>257,398</u>
<b>DEBT SERVICE</b>				
Principal retirement	-	442,913	(442,913)	436,377
Interest and other	-	16,807	(16,807)	28,886
Total Debt Service	<u>-</u>	<u>459,720</u>	<u>(459,720)</u>	<u>465,263</u>
<b>CAPITAL OUTLAY</b>				
General government	6,000	5,195	805	6,142
License and enforcement	6,000	3,239	2,761	1,606
Police department	115,000	67,874	47,126	70,078
Fire department	40,000	9,161	30,839	17,672
Buildings and grounds	145,500	33,901	111,599	29,344
Streets	43,700	5,803	37,897	9,076
Street lighting	60,000	31,038	28,962	34,103
Total Capital Outlay	<u>416,200</u>	<u>156,211</u>	<u>259,989</u>	<u>168,021</u>
Total Expenditures	<u>6,921,775</u>	<u>5,881,086</u>	<u>1,040,689</u>	<u>5,519,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,048,175)</u>	<u>(1,382,781)</u>	<u>665,394</u>	<u>(865,346)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	400,000	379,860	(20,140)	557,800
Total Other Financing Sources	<u>400,000</u>	<u>379,860</u>	<u>(20,140)</u>	<u>557,800</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,648,175)</u>	<u>(1,002,921)</u>	<u>\$ 645,254</u>	<u>(307,546)</u>
<b>FUND BALANCE - Beginning of Year</b>		<u>498,945</u>		<u>806,491</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>		<u>\$ (503,976)</u>		<u>\$ 498,945</u>

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

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# VILLAGE OF MCCOOK

## ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2008

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/08	\$ 2,348,531	\$ 1,941,783	\$ (406,748)	120.95%	\$ 1,357,168	-%
12/31/07	2,751,893	1,862,465	(889,428)	147.76%	1,074,018	-%
12/31/06	2,453,474	1,529,641	(923,833)	160.40%	890,921	-%
12/31/05	2,147,797	1,308,471	(839,326)	164.15%	792,580	-%
12/31/04	1,956,657	1,174,246	(782,411)	166.63%	912,840	-%
12/31/03	1,876,606	1,116,496	(760,110)	168.08%	912,795	-%

### Digest of Changes

#### Assumptions

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

#### The principal changes were:

##### The Principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

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

Valuation date	12/31/2008
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	24 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	0.4 - 10.0%
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, 2008

<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08	\$ 9,107	100.00%	\$ -
12/31/07	8,680	100.00%	0.00
12/31/06	N/A	100.00%	N/A

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2008	\$ 44,132	\$ 28,981	\$ (15,151)	152.28%	\$ 70,983	0.00%
12/31/2007	29,277	14,115	(15,162)	207.42%	66,106	0.00%

### Digest of Changes Assumptions

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

### The principal changes were:

The Principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

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

Valuation date	12/31/2008
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	29 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	0.4 - 10.0%
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, 2008

<u>Actuarial Valuation Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2007	\$ 220,523	81.60%	\$ 199,231
12/31/2006	192,225	97.30%	158,708
12/31/2005	154,618	0.00%	154,618

<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>
12/31/2007	\$ 9,161,937	\$10,929,706	\$ 1,767,769	83.83%	\$ 959,358	184.27%
12/31/2006	9,049,092	10,586,209	1,537,117	85.48%	974,280	157.77%
12/31/2005	8,557,861	9,866,183	1,308,322	86.74%	864,157	151.40%
12/31/2004	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2003	7,976,608	9,042,828	1,066,220	88.21%	844,122	126.31%
12/31/2002	7,166,592	8,719,531	1,552,939	82.19%	805,141	192.88%

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	12/31/2007
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.50%
Inflation factor	3.00%
Cost of living adjustments	3.00%

# VILLAGE OF MCCOOK

## FIREFIGHTERS' PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS DECEMBER 31, 2008

<u>Actuarial Valuation Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2007	\$ 35,586	98.40%	\$ 21,407
12/31/2006	31,635	110.80%	20,821
12/31/2005	31,755	110.20%	24,249

<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>
12/31/2007	\$ 224,659	\$ 768,412	\$ 543,753	29.24%	\$ 74,970	725.29%
12/31/2006	203,838	726,298	522,460	28.07%	71,400	731.74%
12/31/2005	194,715	669,098	474,383	29.10%	64,751	732.63%
12/31/2004	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2003	219,961	623,187	403,226	35.30%	60,480	666.71%
12/31/2002	222,752	598,721	375,969	37.20%	58,434	643.41%

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	12/31/2007
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.50%
Inflation factor	3.00%
Cost of living adjustments	3.00%



## VILLAGE OF MCCOOK

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2008

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#### ***BUDGETARY INFORMATION***

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

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## **SUPPLEMENTARY INFORMATION**

# VILLAGE OF MCCOOK

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2008

	Motor Fuel Tax Fund	911 E.T.S. Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash	\$ 22,442	\$ 117,722	\$ 140,164
Intergovernmental receivable	617	-	617
Due from other funds	<u>1,064</u>	<u>-</u>	<u>1,064</u>
<b>TOTAL ASSETS</b>	<u>\$ 24,123</u>	<u>\$ 117,722</u>	<u>\$ 141,845</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ 5	\$ 5
Interfund advances	<u>-</u>	<u>191,207</u>	<u>191,207</u>
Total Liabilities	<u>-</u>	<u>191,212</u>	<u>191,212</u>
Fund Balances (Deficit)			
Unreserved fund balance	<u>24,123</u>	<u>(73,490)</u>	<u>(49,367)</u>
Total Fund Balances (deficit)	<u>24,123</u>	<u>(73,490)</u>	<u>(49,367)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 24,123</u>	<u>\$ 117,722</u>	<u>\$ 141,845</u>

# VILLAGE OF MCCOOK

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

NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended DECEMBER 31, 2008

	Motor Fuel Tax	911 E.T.S.	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Motor fuel tax	\$ 6,670	\$ -	\$ 6,670
Fees collected	-	11,688	11,688
Interest	214	-	214
Total Revenues	<u>6,884</u>	<u>11,688</u>	<u>18,572</u>
<b>EXPENDITURES</b>			
Current			
Maintenance and service	-	4,154	4,154
Road construction	61,440	-	61,440
Total Expenditures	<u>61,440</u>	<u>4,154</u>	<u>65,594</u>
Excess (deficiency) of revenues over expenditures	<u>(54,556)</u>	<u>7,534</u>	<u>(47,022)</u>
<b>Net Change in Fund Balances</b>	(54,556)	7,534	(47,022)
<b>FUND BALANCES (DEFICIT)</b>			
- Beginning of Year	<u>78,679</u>	<u>(81,024)</u>	<u>(2,345)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 24,123</u>	<u>\$ (73,490)</u>	<u>\$ (49,367)</u>

# VILLAGE OF MCCOOK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX SPECIAL REVENUE FUND For the Year Ended December 31, 2008 With Comparative Actual Amounts for the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget	2007 Actual
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL</b>				
Motor fuel tax allotments	\$ -	\$ 6,670	\$ 6,670	\$ 7,256
Interest	-	214	214	351
Total Revenues	-	6,884	6,884	7,607
<b>EXPENDITURES</b>				
Road construction	20,000	61,440	(41,440)	-
Contingency	5,000	-	5,000	-
Total Expenditures	25,000	61,440	(36,440)	-
Net Change in Fund Balance	<u>\$ (25,000)</u>	(54,556)	<u>\$ (29,556)</u>	7,607
FUND BALANCE - Beginning of Year		<u>78,679</u>		<u>71,072</u>
FUND BALANCE - END OF YEAR		<u>\$ 24,123</u>		<u>\$ 78,679</u>

# VILLAGE OF MCCOOK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - 911 E.T.S. SPECIAL REVENUE FUND For the Year Ended December 31, 2008 With Comparative Actual Amounts for the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget	2007 Actual
<b>REVENUES</b>				
Fees collected	\$ -	\$ 11,688	\$ 11,688	\$ 13,897
Total Revenues	-	11,688	11,688	13,897
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Maintenance and service	25,000	4,154	20,846	4,504
Salary	10,000	-	10,000	-
Total Expenditures	35,000	4,154	30,846	4,504
 Net Change in Fund Balance	<u>\$ (35,000)</u>	7,534	<u>\$ 42,534</u>	9,393
 FUND BALANCE (DEFICIT) - Beginning of Year		<u>(81,024)</u>		<u>(90,417)</u>
 FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ (73,490)</u>		<u>\$ (81,024)</u>

## VILLAGE OF MCCOOK

### COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS DECEMBER 31, 2008

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	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 245,437	\$ 32,085	\$ 277,522
Investments - certificates of deposits with banks	700,000	195,954	895,954
Investments - other, at fair value	5,596,916	-	5,596,916
Interest receivable	<u>9,228</u>	<u>-</u>	<u>9,228</u>
Total Assets	<u>6,551,581</u>	<u>228,039</u>	<u>6,779,620</u>
<b>LIABILITIES</b>			
<b>NET ASSETS</b>			
Net assets reserved for participants and beneficiaries	<u>\$ 6,551,581</u>	<u>\$ 228,039</u>	<u>\$ 6,779,620</u>



# VILLAGE OF MCCOOK

## COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS For the Year Ended DECEMBER 31, 2008

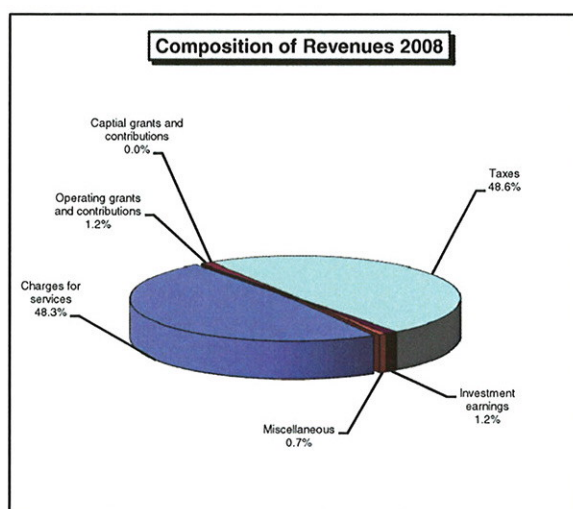
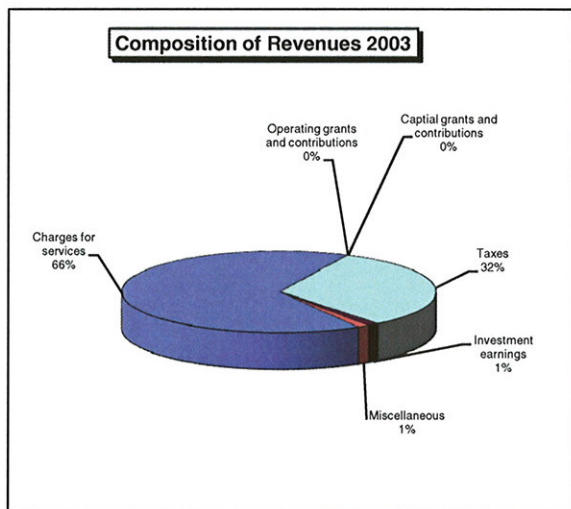
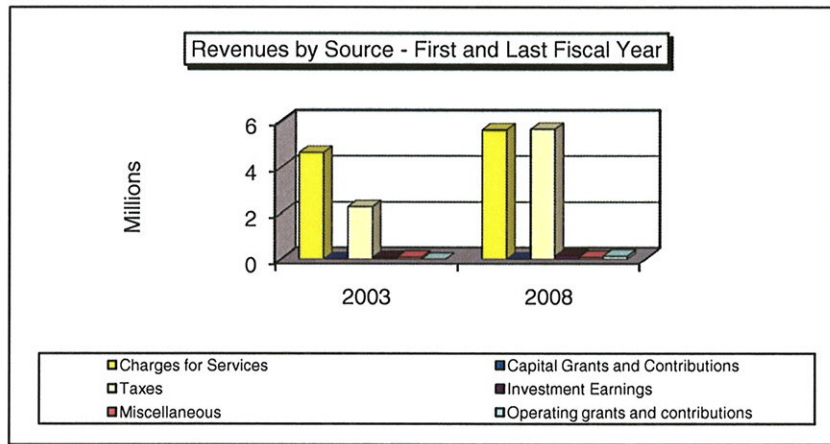
	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Employee contributions	\$ 113,056	\$ 6,668	\$ 119,724
Total	<u>113,056</u>	<u>6,668</u>	<u>119,724</u>
Investment income			
Bank deposits	24,331	5,458	29,789
Government securities	33,328	-	33,328
Insurance contracts	24,754	-	24,754
Net appreciation in fair value of investments	<u>(2,149,445)</u>	<u>-</u>	<u>(2,149,445)</u>
Total Investment Income	<u>(2,067,032)</u>	<u>5,458</u>	<u>(2,061,574)</u>
Total Additions	<u>(1,953,976)</u>	<u>12,126</u>	<u>(1,941,850)</u>
<b>DEDUCTIONS</b>			
Payments to participants	481,947	-	481,947
Payments to beneficiaries	152,031	6,105	158,136
Administrative	<u>22,402</u>	<u>2,641</u>	<u>25,043</u>
Total Deductions	<u>656,380</u>	<u>8,746</u>	<u>665,126</u>
 <b>Change in Net Assets</b>	 (2,610,356)	 3,380	 (2,606,976)
 NET ASSETS - Beginning of Year	 <u>9,161,937</u>	 <u>224,659</u>	 <u>9,386,596</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u>\$ 6,551,581</u>	 <u>\$ 228,039</u>	 <u>\$ 6,779,620</u>

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## VILLAGE OF McCOOK

### GOVERNMENT-WIDE REVENUES BY TYPE Last six fiscal years

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

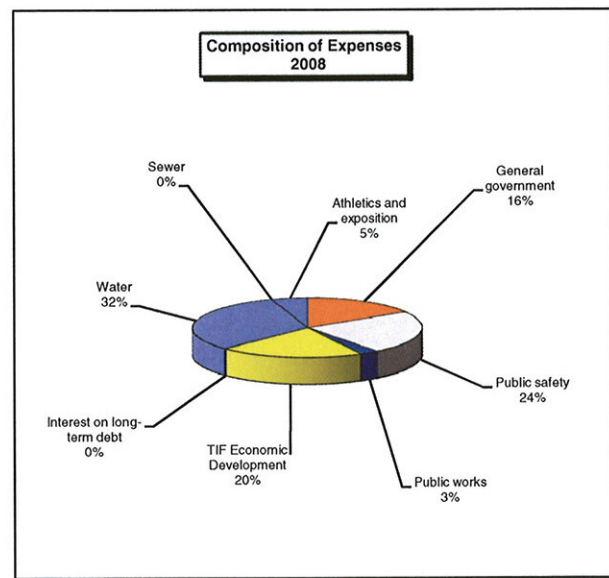
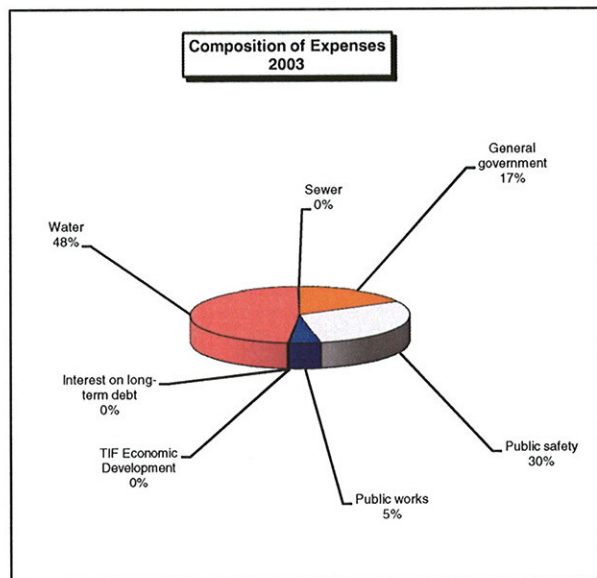
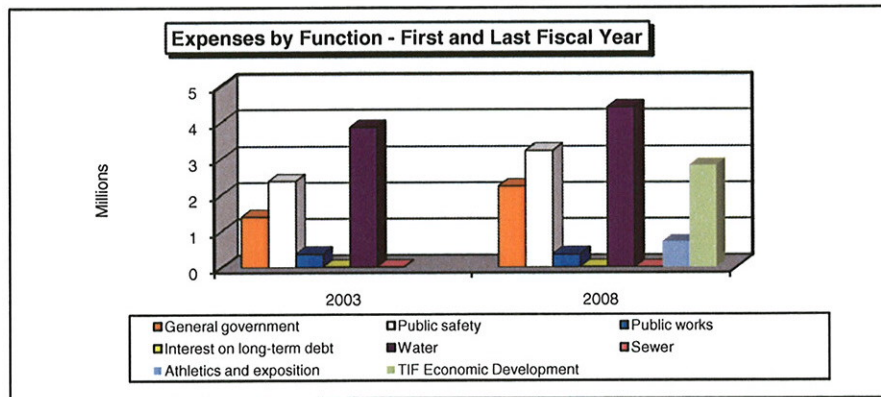


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## VILLAGE OF McCOOK

### GOVERNMENT-WIDE EXPENSES BY FUNCTION Last six fiscal years

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



## VILLAGE OF McCOOK

### GENERAL GOVERNMENTAL REVENUES BY SOURCE \*

Last ten fiscal years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Local Sources</b>				
Taxes	\$ 5,635,766	\$ 4,905,922	\$ 3,757,483	\$ 3,495,621
Intergovernmental	135,107	211,603	240,985	76,282
Licenses, permits, and fees	354,783	493,298	469,607	299,024
Fines and police reports	199,194	142,737	138,189	118,906
Interest earned	53,482	100,312	82,158	32,069
Miscellaneous	<u>85,441</u>	<u>79,334</u>	<u>97,557</u>	<u>118,949</u>
 Total Local Sources	 <u>\$ 6,463,773</u>	 <u>\$ 5,933,206</u>	 <u>\$ 4,785,979</u>	 <u>\$ 4,140,851</u>

\* - Includes revenues for all Governmental Fund Types.

(1) Change in fiscal year to December 31.

SOURCE OF INFORMATION: 1999-2008 Annual Financial Statements.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 2,046,212	\$ 2,266,210	\$ 1,375,274	\$ 1,839,058	\$ 2,015,965	\$ 2,193,007
57,881	7,209	7,226	7,283	7,811	6,347
242,285	201,653	596,628	634,576	367,109	297,820
71,051	123,111	106,412	139,846	127,066	140,200
21,625	48,850	104,058	190,339	184,046	204,623
<u>99,315</u>	<u>87,459</u>	<u>118,256</u>	<u>76,116</u>	<u>83,164</u>	<u>65,823</u>
<u>\$ 2,538,369</u>	<u>\$ 2,734,492</u>	<u>\$ 2,307,854</u>	<u>\$ 2,887,218</u>	<u>\$ 2,785,161</u>	<u>\$ 2,907,820</u>

# VILLAGE OF McCOOK

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION\*

Last ten fiscal years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Current Operating</b>				
General Government	\$ 2,076,558	\$ 1,878,769	\$ 1,691,461	\$ 1,556,911
TIF Economic Development	2,798,857	-	-	-
Public Safety	3,013,519	2,850,256	2,480,555	2,194,391
Public Works	396,883	329,921	349,571	387,515
Debt Service	<u>459,720</u>	<u>465,263</u>	<u>464,354</u>	<u>478,432</u>
 Total Operating	 <u>8,745,537</u>	 <u>5,524,209</u>	 <u>4,985,941</u>	 <u>4,617,249</u>
 Total	 <u>\$ 8,745,537</u>	 <u>\$ 5,524,209</u>	 <u>\$ 4,985,941</u>	 <u>\$ 4,617,249</u>

\* - Includes expenditures for all Governmental Fund Types.

(1) Change in fiscal year to December 31.

SOURCE OF INFORMATION: 1999-2008 Annual Financial Statements.



<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 1,458,189	\$ 1,369,970	\$ 1,261,763	\$ 1,230,098	\$ 940,348	\$ 881,828
-	-	-	-	-	-
2,596,072	2,308,053	2,427,199	2,061,571	1,723,251	1,772,126
790,361	325,931	285,259	203,233	179,907	175,501
<u>106,206</u>	<u>83,851</u>	<u>57,647</u>	<u>35,697</u>	<u>47,596</u>	<u>47,597</u>
<u>4,950,828</u>	<u>4,087,805</u>	<u>4,031,868</u>	<u>3,530,599</u>	<u>2,891,102</u>	<u>2,877,052</u>
<u>\$ 4,950,828</u>	<u>\$ 4,087,805</u>	<u>\$ 4,031,868</u>	<u>\$ 3,530,599</u>	<u>\$ 2,891,102</u>	<u>\$ 2,877,052</u>

# VILLAGE OF McCOOK

## PROPERTY TAX RATES - LEVIES AND COLLECTIONS

Lasts ten tax levy years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Rates Extended*</b>				
Corporate	1.2777	1.3554	1.3346	1.7542
Bond & Interest	0.1855	0.2016	0.2028	0.2811
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>1.4632</u>	<u>1.5570</u>	<u>1.5374</u>	<u>2.0353</u>
<b>Levies Extended</b>				
Total Levies Extended	<u>\$ 4,836,076</u>	<u>\$ 4,752,064</u>	<u>\$ 2,164,015</u>	<u>\$ 2,124,525</u>
Total Collections^	<u>\$ 4,020,812</u>	<u>\$ 3,603,933</u>	<u>\$ 2,123,900</u>	<u>\$ 2,090,256</u>
Percentage of Extensions Collected	<u>83.14%</u>	<u>75.84%</u>	<u>98.15%</u>	<u>98.39%</u>

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

^ Before prior year refunds.

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 1998 to 2007.

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
1.6378	1.6615	1.6333	1.6113	1.3724	1.4564
N/A	N/A	N/A	N/A	N/A	N/A
0.0000	0.0000	0.0000	0.1561	0.1330	0.1397
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>0.0446</u>	<u>0.0380</u>	<u>0.0389</u>
<u>1.6378</u>	<u>1.6615</u>	<u>1.6333</u>	<u>1.8120</u>	<u>1.5434</u>	<u>1.6350</u>
<u>\$ 1,752,619</u>	<u>\$ 1,717,407</u>	<u>\$ 1,644,972</u>	<u>\$ 1,643,295</u>	<u>\$ 1,645,142</u>	<u>\$ 1,657,636</u>
<u>\$ 1,718,723</u>	<u>\$ 1,671,996</u>	<u>\$ 1,385,267</u>	<u>\$ 1,512,001</u>	<u>\$ 1,399,032</u>	<u>\$ 1,170,515</u>
<u>98.07%</u>	<u>97.36%</u>	<u>84.21%</u>	<u>92.01%</u>	<u>85.04%</u>	<u>70.61%</u>

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## VILLAGE OF McCOOK

### EQUALIZED ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten tax levy years

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Tax Levy Year	Equalized Assessed Valuation	Amount of Increase (Decrease Over) Previous Year	Percentage Increase (Decrease) Over Previous Year	Actual Estimated Value*
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	2.9	317,626,827
2002	102,320,105	2,892,002	10.87	306,960,315
2001	99,428,103	9,751,389	(14.83)	298,284,309
2000	89,676,714	(15,611,188)	5.03	269,030,142
1999	105,287,902	5,042,287	2.50	315,863,706
1998	100,245,615	2,445,747	2.04	300,736,845

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

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 1998 to 2007.

## VILLAGE OF McCOOK

### RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION AND NET GENERAL BONDED DEBT PER CAPITA

Last ten fiscal years

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Fiscal Year Ended December 31	Tax Levy Year	Gross General Bonded Debt	Reserved for Retirement of Funded Debt	Debt Payable From Enterprise Revenues
2008	2007	\$ 15,030,000		\$ 15,030,000
2007	2006	570,000	-	160,000
2006	2005	1,130,000	-	315,000
2005	2004	1,670,000	-	460,000
2004	2003	2,200,000	-	600,000
2003	2002	1,550,000	-	950,000
2002	2001	1,150,000	-	1,150,000
2001	2000	1,950,000	10,841	1,939,159
2000	1999	2,784,695	10,848	2,739,152
1999	1998	2,028,704	10,834	1,939,166

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

SOURCE OF INFORMATION: 1999-2008 Annual Financial Statements.

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Net General Bonded Debt	Equalized Assessed Valuation	Percentage of Net General Bonded Debt to Assessed Valuation	Estimated Population	Net General Bonded Debt Per Capita
-	\$ 145,503,494	0.00	249	\$ -
410,000	137,167,003	0.30	249	1,647
815,000	139,308,848	0.59	250	3,260
1,210,000	103,466,783	1.17	250	4,840
1,600,000	105,875,609	1.51	250	6,400
600,000	102,320,105	0.59	250	2,400
-	99,428,103	0.00	250	-
-	89,676,714	0.00	250	-
34,695	105,287,902	0.03	250	139
78,704	100,245,615	0.08	250	315

## VILLAGE OF McCOOK

### RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES

Last ten fiscal years

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Year Ended December 31	Total General Expenditures (1)	Total Debt Service	Percentage of Annual Debt Service Fund Expenditures To Total General Expenditures
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	1.42
2001	3,530,599	35,697	1.01
2000	2,891,102	47,596	1.65
1999	2,877,052	47,597	1.65

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

SOURCE OF INFORMATION: 1999-2008 Annual Financial Statements.



# VILLAGE OF McCOOK

## SCHEDULE OF BONDS OUTSTANDING

ISSUE DATED JUNE 16, 2008

December 31, 2008

### 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	\$ 743,645	\$ 893,645
2010	170,000	-	170,000	737,645	907,645
2011	200,000	-	200,000	730,845	930,845
2012	235,000	-	235,000	722,845	957,845
2013	275,000	-	275,000	713,445	988,445
2014	315,000	-	315,000	702,445	1,017,445
2015	350,000	-	350,000	689,845	1,039,845
2016	400,000	-	400,000	674,095	1,074,095
2017	450,000	-	450,000	655,095	1,105,095
2018	500,000	-	500,000	632,595	1,132,595
2019	570,000	-	570,000	607,595	1,177,595
2020	630,000	-	630,000	579,095	1,209,095
2021	700,000	-	700,000	547,595	1,247,595
2022	760,000	-	760,000	512,595	1,272,595
2023	845,000	-	845,000	474,595	1,319,595
2024	930,000	-	930,000	432,345	1,362,345
2025	1,015,000	-	1,015,000	385,845	1,400,845
2026	1,105,000	-	1,105,000	335,095	1,440,095
2027	1,205,000	-	1,205,000	279,845	1,484,845
2028	1,310,000	-	1,310,000	218,390	1,528,390
2029	1,420,000	-	1,420,000	151,580	1,571,580
2030	1,495,000	-	1,495,000	77,740	1,572,740
Total	<u>\$ 15,030,000</u>	<u>\$ -</u>	<u>\$ 15,030,000</u>	<u>\$ 11,604,815</u>	<u>\$ 26,634,815</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

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## INDEPENDENT AUDITOR'S COMPLIANCE REPORT

Mayor and Board of Trustees  
McCook, Illinois

We have audited the financial statements of the Village of McCook for the year ended December 31, 2008, and have issued our report dated April 28, 2008. The financial statement is the responsibility of the management of the Village of McCook. Our responsibility is to express an opinion on the eligibility of the expenditures for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the 1<sup>st</sup> Avenue Tax Increment District pursuant to subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

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 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 opinion.

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

The results of our tests indicate that for the items tested the 1<sup>st</sup> Avenue Tax Increment District complied with subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

*Virchow, Krause & Company, LLP*

Oak Brook, Illinois  
April 28, 2009

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