VILLAGE OF MCCOOK
McCook, Illinois

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McCook, Illinois, as of and for the year ended December 31, 2010, 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, 2010, 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 required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mayor and Board of Trustees
Village of McCook

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of McCook's basic financial statements. The 2010 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 2010 supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. We also previously audited, in accordance with auditing standards generally accepted in the United States, Village of McCook's basic financial statements for the year ended December 31, 2009. In our report dated September 23, 2010, 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 2009 supplementary information is fairly stated in all material respects in relation to the basic financial statement for the year ended December 31, 2009, taken as whole.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
October 10, 2011

VILLAGE OF MCCOOK

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

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, 2010. The management of the village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

> The liabilities of the village exceeded its assets at the close of the most recent fiscal year by \$8,765,437 (net assets). Of this amount, the village has a negative \$20,476,020 in unrestricted net assets.

> In total, net assets decreased by \$1,986,613. This represents a 29% decrease from 2009 and is related a flattening of revenues with increasing expenses.

> At the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$1,465,847, a decrease of \$1,574,243 in comparison with the prior year.

> General revenues accounted for \$4,847,010 in revenue or 82% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$1,059,145 or 18% of total governmental revenues of \$5,906,155.

> The village had \$7,758,157 in expenses related to government activities. However, only \$1,059,145 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 \$1,253,800 of the total General Fund balance.

Overview of the Financial Statements

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

> Government-wide financial statements,

> Fund financial statements, and

> Notes to basic financial statements.

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to basic financial statements

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

Other information

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

Government-Wide Financial Analysis

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

	Governmental Activities 2010	Governmental Activities 2009	Change
Assets			
Current and other assets	$ 6,140,866	$ 7,925,143	(22.5)%
Capital assets	2,081,915	2,309,174	(9.8)%
Total assets	8,222,781	10,234,317	(19.7)%
Liabilities			
Long-term liabilities	21,414,601	21,652,350	(1.1)%
Other liabilities	4,283,340	4,614,837	(7.2)%
Total liabilities	25,697,941	26,267,187	(2.2)%
Net assets			
Invested in capital assets, net of related debt	2,081,915	2,272,916	(8.4)%
Restricted	2,972,672	4,668,956	(36.3)%
Unrestricted	(22,529,747)	(22,974,742)	-1.9%
Total net assets	$ (17,475,160)	$ (16,032,870)	9.0%

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

	Business-Type Activities 2010	Business-Type Activities 2009	Change	Total 2010	Total 2009	Change
Assets						
Current and other assets	$ 5,593,629	$ 5,646,239	(0.9)%	$ 11,734,495	$ 13,571,382	-13.5%
Capital assets	18,944,327	19,494,892	(2.8)%	21,026,242	21,804,066	-3.6%
Total assets	24,537,956	25,141,131	(2.4)%	32,760,737	35,375,448	-7.4%
Liabilities						
Long-term liabilities	15,027,135	15,024,791		36,441,736	36,677,141	-0.6%
Other liabilities	801,098	862,294	(7.1)%	5,084,438	5,477,131	(7.2)%
Total liabilities	15,828,233	15,887,085	(1.5)%	41,526,174	42,154,272	(1.5)%
Net assets						
Invested in capital assets, net of related debt	6,655,996	7,081,033	(6.0)%	8,737,911	9,353,949	(6.6)%
Restricted	-	-		2,972,672	4,668,956	(36.3)%
Unrestricted	2,053,727	2,173,013	(5.5)%	(20,476,020)	(20,801,729)	(1.6)%
Total net assets	$ 8,709,723	$ 9,254,046	(5.9)%	$ (8,765,437)	$ (6,778,824)	29.3%

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 $1,986,613 from $(6,778,824) to $(8,765,437). The village's total assets equal $32,760,737. The village's total liabilities equal $41,526,174.

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

The deficit in unrestricted net assets is primarily the result of the village's tax increment financing (TIF) districts. The TIFs were developed to encourage economic development within the village. As part of the process of encouraging development within the TIFs, the village issued Tax Increment Financing bonds which have a balance of $19,005,000 as of the end of the fiscal year. These bonds did not produce a capital asset that is owned by the village, and even though the debt is payable from the incremental taxes generated by the TIF, the bonds are, nonetheless, require to be reported as a liability of the village.

A portion of the net assets of the governmental activities is restricted for street maintenance, road improvements, drug enforcement, and community development. The unrestricted combined balance, for both governmental and business-type activities, was a deficit of $20,476,020.

Table 2
Condensed Statements of Activities
(in actual dollars)

	Governmental Activities		
	2010	*2009*	*Change*
Revenues			
Charges for services	$ 572,410	$ 950,366	(39.8)%
Operating grants and contributions	486,735	447,435	8.8%
Capital grants and contributions	-	275,000	-100.0%
Taxes	4,755,507	5,321,541	-10.6%
Other general revenues	91,503	192,141	(52.4)%
Total revenues	5,906,155	7,186,483	-17.8%
Expenses			
General government	2,421,967	2,284,217	6.0%
TIF economic development	295,321	17,845,573	-98.3%
Public safety	4,033,074	4,081,522	-1.2%
Public works	469,963	450,822	4.2%
Interest on long term debt	537,832	202,053	166.2%
Total expenses	7,758,157	24,864,187	-68.8%
Transfers	409,712	300,000	36.6%
Change in net assets	(1,442,290)	(17,377,704)	(91.7)%
Net assets, beginning of year	(16,032,870)	1,344,834	-1,292.2%
Net assets, end of year	$ (17,475,160)	$ (16,032,870)	9.0%

Table 2
Condensed Statements of Activities
(in actual dollars)

	Business-Type Activities			*Total*		
	2010	*2009*	*Change*	*2010*	*2009*	*Change*
Revenues						
Program revenues						
Charges for services	$ 7,526,376	$ 6,993,205	7.6%	$ 8,098,786	$ 7,943,571	2.0%
Operating grants and contributions	-	-		486,735	447,435	8.8%
Capital grants and contributions	-	-		-	275,000	-100.0%
General revenues						
Other taxes	-	-		4,755,507	5,321,541	-10.6%
Other general revenues	5,201	13,859	-62.5%	96,704	206,000	-53.1%
Total revenues	7,531,577	7,007,064	7.5%	13,437,732	14,193,547	-5.3%
Expenses						
General government	-	-		2,421,967	2,284,217	6.0%
TIF economic development	-	-		295,321	17,845,573	-98.3%
Public safety	-	-		4,033,074	4,081,522	-1.2%
Public works	-	-		469,963	450,822	4.2%
Interest on long term debt - GA	-	-		537,832	202,053	166.2%
Water	5,215,955	4,869,143	7.1%	5,215,955	4,869,143	7.1%
Athletics and exposition	2,448,233	2,402,320	1.9%	2,448,233	2,402,320	1.9%
Sewer	2,000	2,000		2,000	2,000	
Total expenses	7,666,188	7,273,463	5.4%	15,424,345	32,137,650	-52.0%
Transfers	(409,712)	(300,000)	36.6%	-	-	
Change in net assets	(544,323)	(566,399)	(3.9)%	(1,986,613)	(17,944,103)	(88.9)%
Net assets, beginning of year	9,254,046	9,820,445	-5.8%	(6,778,824)	11,165,279	-160.7%
Net assets, end of year	$ 8,709,723	$ 9,254,046	(5.9)%	$ (8,765,437)	$ (6,778,824)	29.3%

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.).

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.

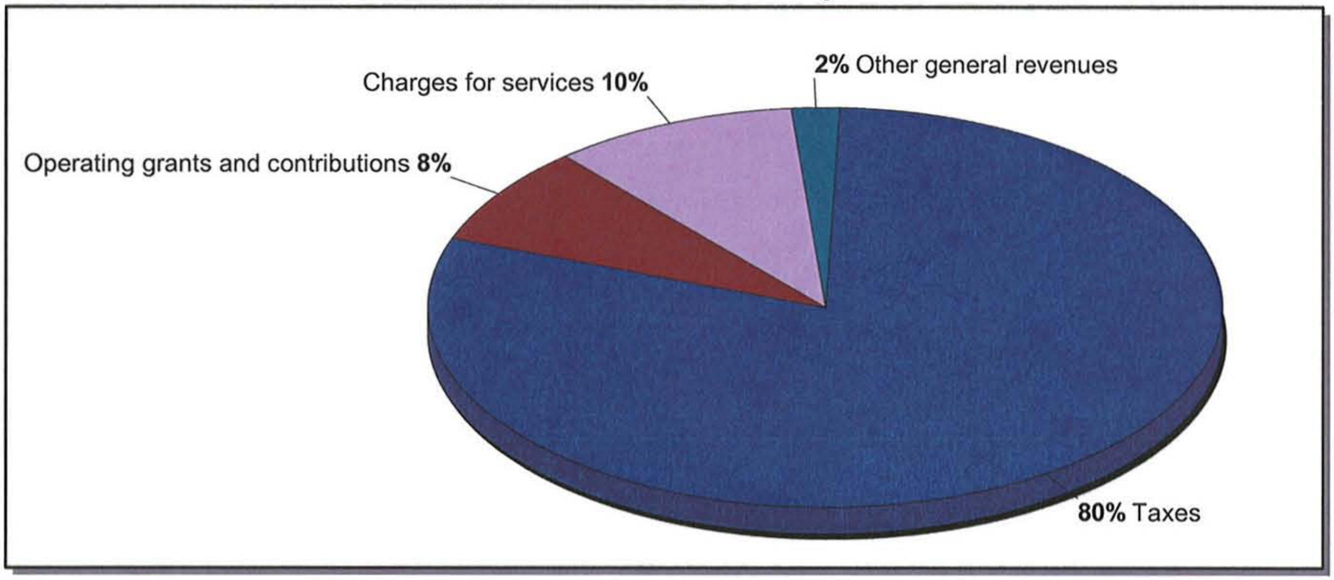
Inflation – while overall inflation appears to be reasonably modest, the village is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

The Governmental Activities experienced a decrease in revenue due to a decrease in impact fees and permits, as these revenue sources saw an increase last year due to increased building improvement activity in the village. The village also recognized a decrease in property taxes, primarily related to the TIF district. The village saw a decrease in expenses as TIF economic develop activity decreased. As a result, net assets decreased to a deficit of $8,765,437 as compared to a deficit of $6,788,824 in the prior fiscal year. The village's decrease in net assets indicate that the financial position has deteriorated since the prior fiscal year.

Governmental Activities

Governmental Revenues by Source

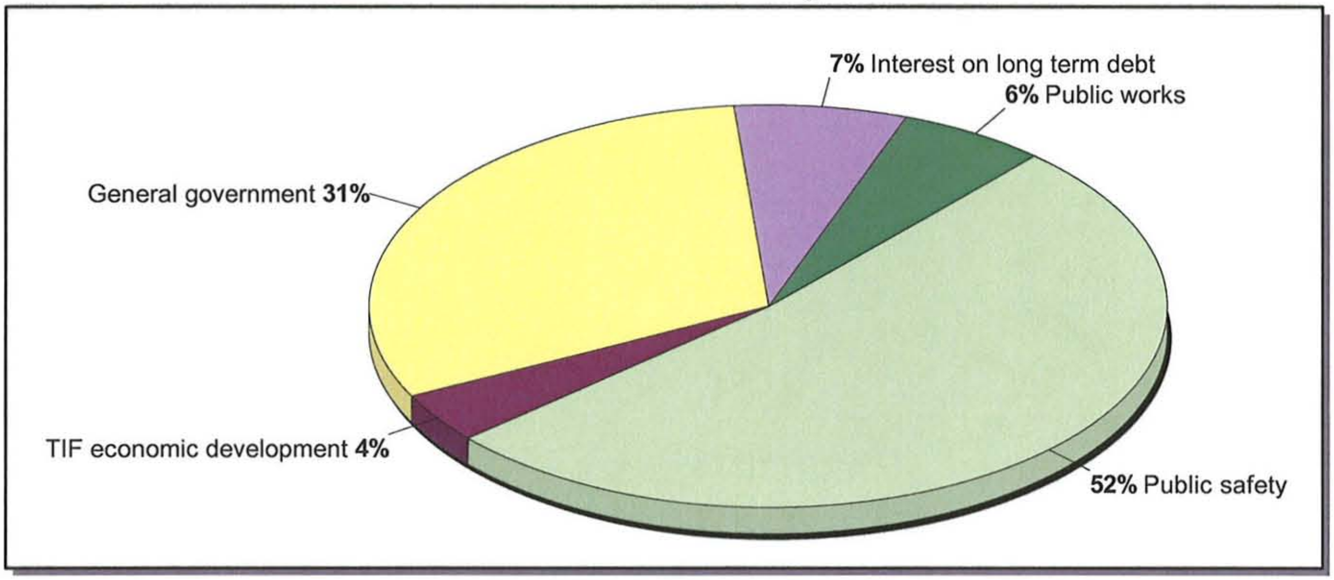


Revenues

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 2009, the village levied $2.3 million in general real estate taxes following an abatement of the bond and interest levy but collected a net amount of $2.1 million after reductions from prior year tax levies and slowed collections by Cook County. The 2009 levy is collected in 2010. 2010 is the fourth year the village has been collecting incremental tax revenue within the 1st Avenue TIF District. The village collected approximately $1.1 million within the TIF District during the year. This represents a decrease from the prior year resulting from refunds of prior years' taxes collected in error that were netted against the current year collections. The village also began collecting property taxes for the Joliet Road TIF in 2009, making 2010 the second year with collections from the TIF. 2010 collections totaled approximately $116,000.

The business-type activity of the Village of McCook includes the Water Department, Sewer Department and McCook Athletic and Exposition Center (Max). The Water Department serves the Village of McCook residents and businesses, along with providing water to the Villages of Hodgkins, Countryside and LaGrange. Pricing for water is based on a schedule set by the village and reflects increases as passed along from the village's supplier, the City of Chicago. Sales of water (revenues) can be affected by climate, at times, with warmer and drier summers bringing higher demand. The City of Chicago has annually adjusted rates and this adjustment is passed along to village customers. The operating revenues of the Water Department increased by about $400,000 as a result of an increase in water rates from the City of Chicago passed on by the village. The operating revenues of the Max increased by approximately $150,000 due to increased usage.

Governmental Expenses by Function



Expenses

On the expense side, the TIF economic development expenses decreased by $17 million because of a $17 million payment to the developer of the 1st Avenue TIF for the village to obtain rights to future tax revenues of the TIF that occurred in the prior year.

The expenses for business-type activities decreased approximately $500,000 due to the increased cost of water purchased.

Financial Analysis of the Village's Funds

At the end of the current fiscal year, the Village of McCook's governmental funds reported a combined (major and non-major) ending fund balance of $1,465,847, which is a decrease of $1,574,243 from fiscal year 2009. The expenditures have continued to exceed the revenues in the governmental funds but the village transferred funds from the Water and 1st Avenue TIF funds to offset a portion of the deficit.

The Proprietary Funds are the Water and Sewer Departments and the Max (McCook Athletic and Exposition Center). The operating income for the Water Department increased in 2010 by approximately $40,000 from the prior year. This resulted from the revenues for water charges exceeding the cost of water purchased for the year. The net income for the Water Fund for fiscal 2010 was $594,643 before consideration of non-operating revenues and expenses and transfers.

Operations for the Max Fund causes a slight profit for 2010, but total net assets decreased by $362,234 because of interest expense on the debt service payments made during the year. The Max Fund finished the year with deficit net assets of $1,653,559. The net assets of all proprietary funds at the end of fiscal 2010 equaled $8.7 million, of which $2.0 million is unrestricted. Transfers to the General Fund from the Water Fund totaled $790,000.

General Fund Budgetary Highlights

The original budget was not amended during the year. The actual revenues exceeded projected total revenues in the General Fund by approximately $180,000 for the year ended December 31, 2010. The excess is due in part to an increase in sales taxes over expectations.

The actual expenditures for fiscal 2010 were less than budget by approximately $1,165,000, a result of an attempt to adjust spending to projected revenues. Additional amounts were transferred from the Water Fund and 1st Ave TIF Fund to ease the projected deficit in the General Fund. The General Fund balance as of December 31, 2010 is a deficit $426,931.

Capital Assets and Debt Administration

Capital assets

By the end of 2010, the village had compiled a total investment of $32,716,166 ($21,026,242 net of accumulated depreciation) in a broad range of capital assets including land, buildings, vehicles, machinery and equipment, and infrastructure. Total depreciation expense for the year was $845,801. More detailed information about capital assets can be found in Note III D. of the basic financial statements.

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

	Governmental Activities		
	2010	2009	Change
Land	$ 67,488	$ 132,491	-49.1%
Land improvements	4,456	5,375	(17.1)%
Buildings and building improvements	772,485	780,948	(1.1)%
Vehicles	344,301	395,116	(12.9)%
Machinery and equipment	359,854	368,690	-2.4%
Infrastructure	533,331	626,554	(14.9)%
Total	$ 2,081,915	$ 2,309,174	(9.8)%

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

	Business-Type Activities			*Total*		
	2010	*2009*	*Change*	*2010*	*2009*	*Change*
Land	$ -	$ -		$ 67,488	$ 132,491	-49.1%
Land Improvements	-	-		4,456	5,375	(17.1)%
Buildings and building improvements	12,497,235	12,757,843	-2.0%	13,269,720	13,538,791	-2.0%
Vehicles	63,156	77,478	(18.5)%	407,457	472,594	(13.8)%
Machinery and equipment	892,803	992,844	-10.1%	1,252,657	1,361,534	-8.0%
Infrastructure	5,491,133	5,666,727	(3.1)%	6,024,464	6,293,281	(4.3)%
Total	$ 18,944,327	$ 19,494,892	-2.8%	$ 21,026,242	$ 21,804,066	-3.6%

Debt Administration

The debt administration discussion covers three types of debt reported by the village's financial statements. The village's governmental activities debt includes $19,005,000 in TIF bonds, $268,215 vested compensated absences, $942,318 net pension obligation, and $1,199,068 net OPEB obligation. The TIF bonds will be repaid through incremental tax revenue generated within the TIF districts. The village's governmental activities reported total debt of $21,414,601 at December 31, 2010.

The village's business-type activities debt includes $14,636,920 of general obligation debt, $69,931 vested compensated absences, and $320,284 net OPEB obligation. The general obligation debt is paid primarily by revenues generated by the McCook Athletic and Exposition Center (Max Fund).

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

Factors Bearing on the Village's Future

The general economic conditions of southwestern Cook County and the Chicago metropolitan statistical area are affected by the national economic downturn. The village has experienced turnover of several industrial facilities and is presently marketing the village and working with developers to encourage new development. The village is located in an Illinois enterprise zone and has the advantage of several incentive packages to industry that help keep it competitive as compared to other industrial locations. Also, the village has approved two tax increment financing districts within the village boundaries. To date, multiple industrial buildings are being developed within the 1st Avenue TIF project area. The village has secured a commercial retailer to locate within the boundaries. The village expects an overall increase of economic impact based upon these redevelopment areas. The impact is expected to range from permits and fees, to sales taxes, to restricted tax increment financing revenue.

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

All of the local economic factors, revenue projections, and analysis of village expenditures are being factored into fiscal 2011 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, 2010

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	$ 2,184,535	$ 2,108,726	$ 4,293,261
Investments - certificates of deposits with banks	251,936	400,398	652,334
Receivables (net)			
Real estate taxes	4,779,584	-	4,779,584
Accounts	-	439,426	439,426
Other	49,044	-	49,044
Due from other governments	115,086	-	115,086
Restricted cash and investments	728,788	-	728,788
Internal balances	(2,444,986)	2,444,986	-
Deferred charges	391,679	200,093	591,772
Derivative asset	85,200	-	85,200
Capital assets (net of accumulated depreciation)			
Land	67,488	-	67,488
Land improvements	4,455	-	4,455
Buildings	772,485	12,497,235	13,269,720
Machinery and equipment	359,854	892,803	1,252,657
Infrastructure	533,331	5,491,133	6,024,464
Vehicles	344,302	63,156	407,458
Total Assets	8,222,781	24,537,956	32,760,737
LIABILITIES			
Accounts payable	164,895	557,789	722,684
Accrued salaries	120,489	12,220	132,709
Payroll liabilities	36,188	-	36,188
Accrued interest payable	-	60,904	60,904
Unearned revenue	3,876,568	170,185	4,046,753
Deferred inflow	85,200	-	85,200
Noncurrent liabilities			
Due within one year	875,334	243,814	1,119,148
Due in more than one year	20,539,267	14,783,321	35,322,588
Total Liabilities	25,697,941	15,828,233	41,526,174
NET ASSETS			
Invested in capital assets, net of related debt	2,081,915	6,655,996	8,737,911
Restricted for			
Highways and streets	36,626	-	36,626
Public safety	619,149	-	619,149
Community development	2,316,897	-	2,316,897
Unrestricted (deficit)	(22,529,747)	2,053,727	(20,476,020)
TOTAL NET ASSETS	$ (17,475,160)	$ 8,709,723	$ (8,765,437)

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	$ 2,421,967	$ 351,453	$ -
Public safety	4,033,074	220,957	480,832
Public works	469,963	-	5,903
TIF economic development	295,321	-	-
Interest on long term debt	537,832	-	-
Total Governmental Activities	7,758,157	572,410	486,735
Business-type Activities			
Water	5,215,955	5,810,598	-
Sewer	2,000	13,725	-
Athletics and exposition	2,448,233	1,702,053	-
Total Business-type Activities	7,666,188	7,526,376	-
Total	$ 15,424,345	$ 8,098,786	$ 486,735

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

Change in net assets

NET ASSETS (Deficit) - Beginning of Year

NET ASSETS (DEFICIT) - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Totals
$ (2,070,514)	$ -	$ (2,070,514)
(3,331,285)	-	(3,331,285)
(464,060)	-	(464,060)
(295,321)	-	(295,321)
(537,832)	-	(537,832)
(6,699,012)	-	(6,699,012)
-	594,643	594,643
-	11,725	11,725
-	(746,180)	(746,180)
-	(139,812)	(139,812)
(6,699,012)	(139,812)	(6,838,824)
3,281,279	-	3,281,279
477,909	-	477,909
20,884	-	20,884
654,006	-	654,006
57,640	-	57,640
1,925	-	1,925
22,703	-	22,703
40,000	-	40,000
97,124	-	97,124
12,981	-	12,981
89,056	-	89,056
50,045	5,201	55,246
24,170	-	24,170
17,288	-	17,288
409,712	(409,712)	-
5,256,722	(404,511)	4,852,211
(1,442,290)	(544,323)	(1,986,613)
(16,032,870)	9,254,046	(6,778,824)
$ (17,475,160)	$ 8,709,723	$ (8,765,437)

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	$ -	$ 1,926,486	$ 258,049	$ 2,184,535
Investments - certificates of deposits with banks	251,936	-	-	251,936
Receivables (net)				
Real estate taxes	2,843,862	1,804,242	131,480	4,779,584
Other	49,044	-	-	49,044
Restricted cash and investments	619,149	-	109,639	728,788
Due from other governments	115,086	-	-	115,086
Due from other funds	626,915	-	14,089	641,004
Interfund advances	191,207	-	-	191,207
TOTAL ASSETS	$ 4,697,199	$ 3,730,728	$ 513,257	$ 8,941,184
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 139,895	$ 25,000	$ -	$ 164,895
Accrued salaries	120,489	-	-	120,489
Payroll liabilities	36,188	-	-	36,188
Due to other funds	2,518,990	567,000	-	3,085,990
Deferred revenues	2,308,568	1,470,000	98,000	3,876,568
Interfund advances	-	-	191,207	191,207
Total Liabilities	5,124,130	2,062,000	289,207	7,475,337

See accompanying notes to financial statements.

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
Fund Balances (Deficit)				
Reserved				
Reserved for advances to other funds and non-current receivables	$ 191,207	$ -	$ -	$ 191,207
Reserved for drug enforcement	619,149	-	-	619,149
Designated for holiday events	16,513	-	-	16,513
Unreserved, reported in:				
General fund	(1,253,800)	-	-	(1,253,800)
Special revenue funds	-	1,668,728	224,050	1,892,778
Total Fund Balances (deficit)	(426,931)	1,668,728	224,050	1,465,847
TOTAL LIABILITIES AND FUND BALANCES	$ 4,697,199	$ 3,730,728	$ 513,257	$ 8,941,184

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total Fund Balances - Governmental Funds	$ 1,465,847
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III D.	2,081,915
Deferred charges included in the statement of net assets are not available to pay for current period expenditures and, therefore, are not included in the governmental funds balance sheet.	391,679
Some liabilities, including long-term debt, are not due and payable in the current period, and therefore, are not reported in the funds.	
Bonds payable	(19,005,000)
Compensated absences	(268,215)
Net pension obligation	(942,318)
Net OPEB obligation	(1,199,068)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ (17,475,160)

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	1st Avenue TIF	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	$ 3,589,175	$ 1,050,401	$ 115,931	$ 4,755,507
Intergovernmental	480,832	-	5,903	486,735
Licenses, permits and fees	403,345	-	5,638	408,983
Fines and police reports	169,237	-	-	169,237
Investment income	9,906	33,473	6,666	50,045
Miscellaneous	35,648	-	-	35,648
Total Revenues	4,688,143	1,083,874	134,138	5,906,155
EXPENDITURES				
Current				
General government	2,282,613	-	-	2,282,613
Public safety	2,925,364	-	4,645	2,930,009
Public works	312,478	-	-	312,478
TIF economic development	-	249,821	45,500	295,321
Debt Service				
Principal retirement	36,258	1,095,000	100,000	1,231,258
Interest and other	1,789	560,006	97,500	659,295
Capital Outlay	179,136	-	-	179,136
Total Expenditures	5,737,638	1,904,827	247,645	7,890,110
Excess (deficiency) of revenues over expenditures	(1,049,495)	(820,953)	(113,507)	(1,983,955)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,463,631	-	-	1,463,631
Transfers out	-	(1,043,919)	(10,000)	(1,053,919)
Total Other Financing Sources (Uses)	1,463,631	(1,043,919)	(10,000)	409,712
Net Change in Fund Balances	414,136	(1,864,872)	(123,507)	(1,574,243)
FUND BALANCES (DEFICIT) - Beginning of Year	(841,067)	3,533,600	347,557	3,040,090
FUND BALANCES (DEFICIT) - END OF YEAR	$ (426,931)	$ 1,668,728	$ 224,050	$ 1,465,847

See accompanying notes to financial statements.

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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, 2010

Net change in fund balances - total governmental funds	$	(1,574,243)
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		133,009
Depreciation is reported in the government-wide financial statements		(274,014)
Net book value of assets retired		(86,254)
Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Amortization		(30,110)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(18,000)
Net OPEB obligation		(479,183)
Accrued interest on debt		151,573
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.		1,231,258
Contribution expense to the Police and Firefighters' Pension Plans are based upon actuarial determined required contributions. The net pension obligation has increased as the annual required contributions since the last valuation exceeded contributions made to the Plans.		(496,326)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	(1,442,290)

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
ASSETS			
Current Assets			
Cash and cash equivalents	$ 332,951	$ 1,459,705	$ 316,070
Investments - certificates of deposits with banks	300,398	-	100,000
Receivables (net)			
Accounts	438,385	-	1,041
Due from other funds	2,519,143	-	-
Unamortized debt issuance expenses	-	200,093	-
Total Current Assets	3,590,877	1,659,798	417,111
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Buildings and improvements	1,470,602	11,026,633	-
Vehicles	63,156	-	-
Machinery and equipment	53,573	839,230	-
Infrastructure	5,491,133	-	-
Total Non-Current Assets	7,078,464	11,865,863	-
Total Assets	10,669,341	13,525,661	417,111
LIABILITIES			
Current Liabilities			
Accounts payable	469,423	88,366	-
Accrued salaries	12,220	-	-
Accrued interest	-	60,904	-
Unearned revenue	-	170,185	-
Due to other funds	-	74,157	-
Total Current Liabilities	481,643	393,612	-
Non-Current Liabilities			
Long-Term Debt			
Due within one year	28,888	214,926	-
Due in more than one year	212,639	14,570,682	-
Total Liabilities	723,170	15,179,220	-
NET ASSETS			
Invested in capital assets, net of related debt	7,078,464	(422,468)	-
Unrestricted	2,867,707	(1,231,091)	417,111
TOTAL NET ASSETS (DEFICIT)	$ 9,946,171	$ (1,653,559)	$ 417,111

See accompanying notes to financial statements.

Totals
$ 2,108,726
400,398
439,426
2,519,143
200,093
5,667,786
12,497,235
63,156
892,803
5,491,133
18,944,327
24,612,113
557,789
12,220
60,904
170,185
74,157
875,255
243,814
14,783,321
15,902,390
6,655,996
2,053,727
$ 8,709,723

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
OPERATING REVENUES			
Water charges	$ 5,805,968	$ -	$ -
Late charges	630	-	-
Sewer charges	-	-	13,725
Tap fees	4,000	-	-
Rentals and sales	-	1,702,053	-
Total Operating Revenues	5,810,598	1,702,053	13,725
OPERATING EXPENSES			
Personnel services	509,924	475,584	-
Contractual services	4,145,131	590,980	2,000
Supplies	15,802	130,719	-
Repairs and maintenance	11,397	39,682	-
Electricity	257,426	104,244	-
Depreciation	248,120	323,667	-
Other charges	28,155	26,381	-
Total Operating Expenses	5,215,955	1,691,257	2,000
Operating Income	594,643	10,796	11,725
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,543	3,658	-
Bond interest expense	-	(756,976)	-
Total Nonoperating Revenues (Expenses)	1,543	(753,318)	-
Income Before Transfers	596,186	(742,522)	11,725
TRANSFERS			
Transfers in	-	380,288	-
Transfers out	(790,000)	-	-
Total Transfers	(790,000)	380,288	-
Change in Net Assets	(193,814)	(362,234)	11,725
NET ASSETS (DEFICIT) - Beginning of Year	10,139,985	(1,291,325)	405,386
NET ASSETS (DEFICIT) - END OF YEAR	$ 9,946,171	$ (1,653,559)	$ 417,111

See accompanying notes to financial statements.

Totals
$ 5,805,968
630
13,725
4,000
1,702,053
7,526,376
985,508
4,738,111
146,521
51,079
361,670
571,787
54,536
6,909,212
617,164
5,201
(756,976)
(751,775)
(134,611)
380,288
(790,000)
(409,712)
(544,323)
9,254,046
$ 8,709,723

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Fund - Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 5,755,771	$ 1,716,058	$ 13,748
Paid to suppliers for goods and services	(4,455,447)	(935,849)	(2,000)
Paid to employees for services	(450,759)	(386,979)	-
Net Cash Flows From Operating Activities	849,565	393,230	11,748
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,543	3,658	-
(Purchase)/Sale of investment securities	99,658	-	-
Net Cash Flows From Investing Activities	101,201	3,658	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers - in from (out to) other funds	(790,000)	380,288	-
Interfund borrowing / (lending)	(696,719)	74,157	-
Net Cash Flows From Noncapital Financing Activities	(1,486,719)	454,445	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	-	(170,000)	-
Interest paid	-	(737,645)	-
Acquisition and construction of capital assets	-	(21,222)	-
Net Cash Flows From Capital and Related Financing Activities	-	(928,867)	-
Net Change in Cash and Cash Equivalents	(535,953)	(77,534)	11,748
CASH AND CASH EQUIVALENTS - Beginning of Year	868,904	1,537,239	304,322
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 332,951	$ 1,459,705	$ 316,070

See accompanying notes to financial statements.

Totals
$ 7,485,577
(5,393,296)
(837,738)
1,254,543
5,201
99,658
104,859
(409,712)
(622,562)
(1,032,274)
(170,000)
(737,645)
(21,222)
(928,867)
(601,739)
2,710,465
$ 2,108,726

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds		
	Water	Max	Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ 594,643	$ 10,796	$ 11,725
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	248,120	323,667	-
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(54,827)	14,005	23
Increase (decrease) in accounts payable	2,464	(43,843)	-
Decrease in accrued salaries	(19,251)	-	-
Increase in compensated absences	11,578	14,926	-
Increase in net OPEB obligation	66,838	73,679	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 849,565	$ 393,230	$ 11,748

See accompanying notes to financial statements.

Totals
$ 617,164
571,787
(40,799)
(41,379)
(19,251)
26,504
140,517
$ 1,254,543

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	Pension Trusts
ASSETS	
Cash and cash equivalents	$ 464,413
Investments - certificates of deposits with banks	297,557
Investments - other, at fair value	6,931,694
Interest receivable	4,037
Total Assets	7,697,701
LIABILITIES	
NET ASSETS	
Held in trust for pension benefits	7,697,701
TOTAL NET ASSETS	$ 7,697,701

See accompanying notes to financial statements.

VILLAGE OF MCCOOK

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Pension Trusts
ADDITIONS	
Employee contributions	$ 131,953
Total	131,953
Investment income:	
Bank deposits	8,662
Government securities	17,169
Insurance contracts	24,831
Net appreciation in fair value of investments	636,559
Total Investment Income	687,221
Total Additions	819,174
DEDUCTIONS	
Payments to participants	518,914
Payments to beneficiaries	182,834
Administrative	18,803
Total Deductions	720,551
Change in Net Assets	98,623
NET ASSETS - Beginning of Year	7,599,078
NET ASSETS - END OF YEAR	$ 7,697,701

See accompanying notes to financial statements.

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VILLAGE OF MCCOOK

INDEX TO NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

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

A. Reporting Entity

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

Blended Component Units

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

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

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, 2010, the FPERS was unable to fill the beneficiary and three fire employees memberships to the pension board due to limited participants. The village and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund.

B. *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

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.

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

The village reports the following major enterprise funds:

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

The village reports the following 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
Joliet Road TIF Fund	

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 users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Sewer Fund

In addition, the village reports the following fund types:

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

Police Pension Fund
Firefighters' Pension Fund

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

Government-Wide Financial Statements

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

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

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

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.

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.

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

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

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

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

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

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

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

Custodial Credit Risk - Investments

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

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

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

See Note III. A. for further information.

2. ***Receivables***

Property taxes for levy year 2010 attach as an enforceable lien on January 1, 2010, 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 2010 tax levy, which attached as an enforceable lien on the property as of January 1, 2010, has been recorded as a receivable as of December 31, 2010.

Tax bills for levy year 2010 are prepared by the Cook County Collector and are payable in two installments, due on April 1, 2011 and October 1, 2011 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2010 property tax levy is recognized as a receivable and deferral in fiscal 2010, net of an allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2010, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2010 levy plus remaining 2009 collections.

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

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

2. Receivables (cont.)

The property tax receivable is shown net of an allowance for uncollectibles. The allowance is equal to 2 percent ($78,849) of outstanding property taxes at December 31, 2010.

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

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

3. Capital Assets

Government-Wide Statements

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

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

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

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

3. Capital Assets (cont.)

Fund Financial Statements

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

4. Compensated Absences

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

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

5. Long-Term Obligations

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

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

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

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

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

6. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The liability for claims and judgments is only reported in governmental funds if it has matured. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

7. Equity Classifications

Government-Wide Statements

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

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

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

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

Fund Statements

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. 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.

B. Deficit Balances

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

As of December 31, 2010, the following individual funds held a deficit balance:

Fund	Amount	Reason
911 E.T.S.	$ 69,066	Carryforward of the initial start up cost of the 911 System
General	426,931	Accumulation of expenditures exceeding revenues in prior years
Max	1,653,559	Start up cost associated with the purchase of the MAX and expenditures exceeded revenues during the year.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. *Deposits and Investments*

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 4,844,795	$ 4,701,779	Custodial credit risk - deposits
U.S. agencies	10,602	10,602	Custodial credit risk - investments; Credit risk; Interest rate risk
Insurance contracts	6,727,126	6,727,126	Concentration of credit risk; Credit risk
State and local obligations	193,966	193,966	Custodial credit risk - investments; Credit risk; Interest rate risk; Concentration of credit risk
Illinois Funds	204,427	204,427	Interest rate risk; Credit risk
Money markets	1,382,165	1,382,165	Interest rate risk
Petty cash	4,966	-	N/A
Total Deposits and Investments	$ 13,368,047	$ 13,220,065	

Reconciliation to financial statements	
Per statement of net assets	
Unrestricted cash and cash equivalents	$ 4,293,261
Restricted cash and investments	728,788
Investments - certificates of deposits with banks	652,334
Per statement of net assets- fiduciary funds	
Cash and cash equivalents	464,413
Investments - certificates of deposits with banks	297,557
Investments - other	6,931,694
Total Deposits and Investments	$ 13,368,047

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).

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

A. Deposits and Investments (cont.)

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

Custodial Credit Risk

Deposits

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

As of December 31, 2010, $1,800,882 of the village's total bank balances were exposed to custodial credit risk as follows:

Primary government uninsured and uncollateralized	$	1,798,321
Firefighters' pension uninsured and uncollateralized		2,561
Total	$	1,800,882

Investments

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

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

Credit Risk

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

As of December 31, 2010, the village's investments were rated as follows:

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

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

A. *DEPOSITS AND INVESTMENTS* (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The village's and police pension's policy state that up to 35% of the market value of the portfolio's present net assets may be invested in any combination of separate life insurance accounts or mutual funds. As of year end, the market value of the police pension's insurance contracts represent 87% of the pension's net assets. The firefighters' pension investment policy does not specifically address these risks.

At December 31, 2010, the investment portfolio was further concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Manufacture Life Insurance	Separate contract	62.53%
Jackson National Life Insurance	General contract	17.23%
Lincoln Benefit Life Insurance	General contract	7.63%

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, 2010, the village's investments were as follows:

		Maturity (In Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More Than 10
Primary Government:					
Illinois Funds	$ 204,427	$ 204,427	$ -	$ -	$ -
Money markets	1,382,165	1,382,165	-	-	-
State & Local G.O. Bonds	193,966	-	43,174	-	150,792
U.S. Government Securities	10,602	-	-	-	10,602
Totals	$ 1,791,160	$ 1,586,592	$ 43,174	$ -	$ 161,394

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

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

B. Receivables

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

	General Fund	1st Avenue TIF Fund	Water Fund	Nonmajor and Other Funds	Totals
Receivables					
Property Taxes	$ 2,890,711	$ 1,834,242	$ -	$ 133,480	$ 4,858,433
Water Billings	-	-	438,385	-	438,385
Sewer Billings	-	-	-	1,041	1,041
Mineral/Prd Sales/Use	1,442	-	-	-	1,442
Dumping Tax	1,372	-	-	-	1,372
Waste Tax	24,634	-	-	-	24,634
Other	21,596	-	-	4,037	25,633
Gross receivables	2,939,755	1,834,242	438,385	138,558	5,350,940
Less: Allowance for uncollectibles	(46,849)	(30,000)	-	(2,000)	(78,849)
Net Total Receivables	$ 2,892,906	$ 1,804,242	$ 438,385	$ 136,558	$ 5,272,091

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	$ 3,863,568
Rental revenue	13,000
Total Deferred/Unearned Revenue for Governmental Funds	$ 3,876,568

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.

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

State and Federal Forfeiture

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

Joliet Road TIF Certificates of Deposit

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

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

D. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 132,491	$ -	$ 65,003	$ 67,488
Total Capital Assets Not Being Depreciated	132,491	-	65,003	67,488
Capital assets being depreciated				
Land improvements	91,950	-	-	91,950
Buildings	1,176,004	15,556	-	1,191,560
Machinery and equipment	910,370	53,635	-	964,005
Infrastructure	3,091,607	-	-	3,091,607
Vehicles	1,392,349	63,818	35,174	1,420,993
Total Capital Assets Being Depreciated	6,662,280	133,009	35,174	6,760,115
Total Capital Assets	6,794,771	133,009	100,177	6,827,603
Less: Accumulated depreciation for				
Land improvements	(86,575)	(920)	-	(87,495)
Buildings	(395,056)	(24,019)	-	(419,075)
Machinery and equipment	(541,680)	(62,471)	-	(604,151)
Infrastructure	(2,465,053)	(93,223)	-	(2,558,276)
Vehicles	(997,233)	(93,381)	(13,923)	(1,076,691)
Total Accumulated Depreciation	(4,485,597)	(274,014)	(13,923)	(4,745,688)
Net Capital Assets Being Depreciated	2,176,683	(141,005)	21,251	2,014,427
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 2,309,174	$ (141,005)	$ 86,254	$ 2,081,915

Depreciation expense was charged to functions as follows:

Governmental Activities	
Administration	$ 17,052
Public safety	127,710
Public works, which includes the depreciation of infrastructure	129,252
Total Governmental Activities Depreciation Expense	$ 274,014

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets being depreciated				
Buildings and improvements	$ 13,902,376	$ 17,542	$ -	$ 13,919,918
Machinery and equipment	1,357,252	3,680	-	1,360,932
Vehicles	313,383	-	-	313,383
Infrastructure	10,294,330	-	-	10,294,330
Total Capital Assets Being Depreciated	25,867,341	21,222	-	25,888,563
Less: Accumulated depreciation for				
Buildings and improvements	(1,144,533)	(278,150)	-	(1,422,683)
Machinery and equipment	(364,408)	(103,721)	-	(468,129)
Vehicles	(235,905)	(14,322)	-	(250,227)
Infrastructure	(4,627,603)	(175,594)	-	(4,803,197)
Total Accumulated Depreciation	(6,372,449)	(571,787)	-	(6,944,236)
Net Capital Assets Being Depreciated	19,494,892	(550,565)	-	18,944,327
Business-type Capital Assets, Net of Accumulated Depreciation	$ 19,494,892	$ (550,565)	$ -	$ 18,944,327

Business-type Activities

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 248,120
Athletic and Exposition	323,667
Total Business-type Activities Depreciation Expense	$ 571,787

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Water	General	$ 2,504,901
Water	MAX	14,242
Non-major Governmental Fund	General	14,089
General	MAX	59,915
General	1st Avenue TIF	567,000
Total - Fund Financial Statements		3,160,147
Less: Government-wide eliminations		(715,161)
Total Internal Balances - Government-Wide Statement of Net Assets		$ 2,444,986

All amounts are due within one year.

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

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

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

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

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

Advances

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

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

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

Advances (cont.)

The following is a schedule of interfund advances:

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Water	$ 790,000	Operating expenses
General	1st Avenue TIF	663,631	Administrative expenses and credit for interest rate subsidy
General	Non-major Governmental Fund	10,000	Administrative expenses
MAX	1st Avenue TIF	380,288	Community development expenses
Total - Fund Financial Statements		1,843,919	
Less: Government-wide eliminations		(1,434,207)	
Total Transfers - Government-Wide Statement of Activities		$ 409,712	

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.

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

E. *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.

F. *LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Tax increment financing bonds	$ 20,200,000	$ -	$ 1,195,000	$ 19,005,000	$ 735,000
Sub-totals	20,200,000	-	1,195,000	19,005,000	735,000
Other Liabilities					
Vested compensated absences	250,215	206,042	188,042	268,215	140,334
Capital leases	36,258	-	36,258	-	-
Net pension obligation	445,992	496,326	-	942,318	-
Net OPEB obligation	719,885	479,183	-	1,199,068	-
Total Other Liabilities	1,452,350	1,181,551	224,300	2,409,601	140,334
Total Governmental Activities Long-Term Liabilities	$ 21,652,350	$ 1,181,551	$ 1,419,300	$ 21,414,601	$ 875,334
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 14,880,000	$ -	$ 170,000	$ 14,710,000	$ 200,000
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	(78,403)	-	(5,323)	(73,080)	-
Sub-totals	14,801,597	-	164,677	14,636,920	200,000
Other Liabilities					
Vested compensated absences	43,427	57,086	30,582	69,931	43,814
Net OPEB obligation	179,767	140,517	-	320,284	-
Total Other Liabilities	223,194	197,603	30,582	390,215	43,814
Total Business-type Activities Long-Term Liabilities	$ 15,024,791	$ 197,603	$ 195,259	$ 15,027,135	$ 243,814

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

F. *LONG-TERM OBLIGATIONS* (cont.)

General Obligation Debt

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

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/10
2008 Series	6/16/2008	12/1/2030	4.00% - 5.00%	$ 15,030,000	$ 14,710,000
Total Business-type Activities - General Obligation Debt					$ 14,710,000

Debt service requirements to maturity are as follows:

	Business-type Activities General Obligation Debt	
Years	Principal	Interest
2011	$ 200,000	$ 730,845
2012	235,000	722,845
2013	275,000	713,445
2014	315,000	702,445
2015	350,000	689,845
2016-2020	2,550,000	3,148,475
2021-2025	4,250,000	2,352,975
2026-2030	6,535,000	1,062,650
Totals	$ 14,710,000	$ 10,123,525

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

F. *LONG-TERM OBLIGATIONS* (cont.)

Tax Increment Financing Bonds

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

Tax Increment Financing Bonds at December 31, 2010, consists of the following:

Governmental Activities Tax Increment Financing Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/10
2009 Series - 1st Avenue TIF	6/30/2009	1/1/2028	Variable	$ 18,900,000	$ 17,805,000
2009 Series - Joliet Rd. TIF	7/27/2009	7/1/2029	7.50% - 8.00%	1,300,000	1,200,000
Total Governmental Activities Tax Increment Financing Bonds					$ 19,005,000

Interest on the variable rate 2009 Series - 1st Avenue TIF bonds is calculated at the monthly LIBOR rate in U.S. dollars effective the first day of each month plus 2% and multiplied by the designated tax exempt percentage of 70%. The interest rate as of 12/31/10 was 1.58%. In 2010, the village entered into an interest rate swap which fixes the interest rate on the bonds through July 1, 2020 at 3.255%. See Note III.H for additional information on the interest rate swap.

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

	Governmental Activities Tax Increment Financing Bonds	
Years	Principal	Interest
2011	$ 735,000	$ 677,053
2012	770,000	653,129
2013	805,000	628,065
2014	840,000	601,862
2015	875,000	574,520
2016-2020	5,015,000	2,426,383
2021-2025	6,245,000	1,557,858
2026-2029	3,720,000	490,335
Totals	$ 19,005,000	$ 7,609,205

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

G. *LEASE DISCLOSURES*

Lessor - Operating Leases

The village leases a portion of the McCook Athletic and Exposition Center to various tenants on a month to month basis. The village receives $6,500 per month from current lease agreements. The approximate cost of the rented out space is $36,677 and accumulated depreciation as of year end was $1,589. Rentals include office space and use of athletic fields when space is available. There are no future minimum rental payments as leases are on a month-to-month basis.

H. *DERIVATIVE INSTRUMENT*

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

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

As of December 31, 2010, the interest rate swap had a negative fair value of $17,719,800 on a notional amount of $17,805,000. The change in fair value during 2010 was $85,200 resulting in a deferred inflow on the Statement of Net Assets.

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

The swap agreement, which will continue until September 1, 2020, provides for the village to receive interest from the counterparty at 70% of the monthly LIBOR rate in U.S. dollars plus a spread of 1.40%. The village agrees to pay interest to the counterparty at a fixed rate of 3.255% on notional amounts that match the outstanding principal portion of the 2009 Series 1st Avenue TIF bonds, which was $17,805,000 at December 31, 2010. Under the agreement, the village pays and receives interest semi-annually. The net interest expense resulting from the agreement is included in interest expense.

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

H. *Derivative Instrument* (cont.)

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

The village is exposed to credit risk to the extent that it has net fair value gains on its derivative position with the counterparty. At December 31, 2010, the village was exposed to credit risk because the swap had a positive fair value change. Northern Trust Company, the counterparty in this transaction, has credit ratings of AA, Aa3, and AA/AA- with Standard & Poor's, Moody's, and Fitch Ratings, respectively. The transaction does not require collateral from the village or the counterparty.

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

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

Hedged Debt
Future net cash flows for the village's synthetic fixed-rate debt are shown below. The table shows only the village's effectively hedged synthetic fixed-rate debt, which is a subset of the village's total debt. These amounts assume that the interest rates of the bonds based on LIBOR and the reference rates of the hedging interest rate swap (also LIBOR) remain at December 31, 2010 levels. These rates will vary and, as they do, interest payments on the variable-rate bonds and net receipts/payments on the interest rate swaps will vary. However, the two payments are expected to move inverse to one another resulting in the same payment for the two amounts in total. Accordingly, as of December 31, 2010, this portion of the village's variable-rate debt is effectively hedged. After the end the term, any remaining principal would revert to the variable rate.

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

H. *Derivative Instrument* (cont.)

	Swap Payments			
Years	Principal	Interest	Swap, Net	Total
2011	$ 735,000	$ 281,319	$ 298,234	$ 1,314,553
2012	770,000	269,706	285,923	1,325,629
2013	805,000	257,540	273,025	1,335,565
2014	840,000	244,821	259,541	1,344,362
2015	875,000	231,549	245,471	1,352,020
2016-2020	3,920,000	859,283	910,949	5,690,232
Totals	$ 7,945,000	$ 2,144,218	$ 2,273,143	$12,362,361

NOTE IV - OTHER INFORMATION

A. *Employees' Retirement System*

The village contributes to defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan.

Illinois Municipal Retirement Fund - REG

Plan Description. The IMRF plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute 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 2009 was 3.83% of annual covered payroll. The employer also contributes for disability, 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.

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Illinois Municipal Retirement Fund - SLEP

Plan Description. The IMRF plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the village's Sheriff's Laws Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statute 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 2009 was 13.08% of annual covered payroll. The village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Police Pension

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

At December 31, 2010, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	16
Current employees:	
Vested	9
Non vested	7
Total	32

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

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, 2010, 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.

At December 31, 2010, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1
Current employees:	
Vested	1
Non vested	-
Total	2

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Firefighters' Pension (cont.)

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, 2010, 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, 2010, 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.

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.

NOTE IV - OTHER INFORMATION (cont.)

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

Annual Pension Cost

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

	Illinois Municipal Retirement - REG	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2009	December 31, 2009	December 31, 2010	December 31, 2010
Contribution rates:				
Employer	3.83%	13.08%	0.00%	0.00%
Employee	4.50%	7.50%	9.91%	9.46%
Annual required contribution	$65,380	$9,412	$443,733	$42,312
Contributions made	$65,380	$9,412	$0	$0
Actuarial cost method	Entry-age normal	Entry-age normal	Entry-age normal	Entry-age normal
Asset valuation method	5 year smoothed market	5 year smoothed market	Market	Market
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period	23 years, closed	28 years, closed	30years, closed	30 years, closed
Actuarial assumptions:				
Investment rate of return	7.50% Compounded annually	7.5% Compounded annually	7.00% Compounded annually	7.00% Compounded annually
Projected salary increases	0.4 to 10%	0.4 to 10%	5.50%	5.50%
Inflation rate included	4.00%	4.0%	3.00%	3.00%
Cost-of-living adjustments	3.00%	3.0%	3.00%	3.00%

Net Pension Obligation

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

Net Pension Obligation:	Police Pension	Firefighters' Pension
Annual required contribution	$ 443,733	$ 42,312
Interest on net pension obligation	30,788	4,269
Adjustment to annual required contribution	(21,759)	(3,017)
Annual pension cost	452,762	43,564
Contributions made	-	-
Change in net pension obligation	452,762	43,564
Net pension obligation, beginning of year	430,421	15,571
Net pension obligation, end of year	$ 883,183	$ 59,135

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Trend Information

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

	Fiscal Year	Illinois Municipal Retirement - REG	Illinois Municipal Retirement - SLEP	Police Pension	Firefighters' Pension
Annual pension contribution (APC)	2010	$ 65,380	$ 9,412	$ 452,762	$ 43,564
	2009	29,450	9,107	235,869	39,075
	2008	26,313	8,680	235,869	39,075
Contributions made	2010	$ 65,380	$ 9,412	$ -	$ -
	2009	40,117	9,107	250,000	85,000
	2008	26,313	8,680	-	-
Percentage of APC contributed	2010	100%	100%	0	0
	2009	100%	100%	52.0%	107.4%
	2008	100%	100%	0.0%	0.0%
Net pension obligation	2010	$ -	$ -	$ 883,183	$ 59,135
	2009	-	-	430,421	15,571
	2008	-	-	199,231	21,407

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, 2009	December 31, 2009	December 31, 2010	December 31, 2010
Actuarial Valuation of Assets (a)	$ 2,588,184	$ 57,900	$ 7,399,275	$ 298,426
Actuarial Accrued Liability (AAL) - Entry Age (b)	$ 2,250,006	$ 46,504	$ 12,958,917	$ 888,310
Unfunded AAL (UAAL) (b - a)	$ (338,178)	$ (11,396)	$ 5,559,642	$ 589,884
Funded Ratio (a/b)	115.03 %	124.51%	57.10%	33.60 %
Covered Payroll (c)	$ 1,707,039	$ 71,955	$ 1,195,374	$ 90,596
UAAL as a percentage of Covered Payroll ((b-a) /c)	- %	-%	465.10%	651.10 %

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.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

PENSION SEGMENT INFORMATION

Fiduciary Net Assets

	Pension Trust		
	Police Pension	Fire Pension	Total
Assets			
Cash and cash equivalents	$ 363,544	$ 100,869	$ 464,413
Investments:			
Investments - certificates of deposits with banks	100,000	197,557	297,557
Investments - other, at fair value	6,931,694	-	6,931,694
Receivables - (net allowances for uncollectibles):			
Interest receivable	4,037	-	4,037
Total assets	7,399,275	298,426	7,697,701
Liabilities			
Net assets			
Held in trust for pension benefits	$ 7,399,275	$ 298,426	$ 7,697,701

NOTE IV - OTHER INFORMATION (cont.)

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

Changes in Plan Net Assets

	Pension Trust		
	Police Pension	Fire Pension	Total
Additions			
Contributions:			
Employee contributions	$ 123,377	$ 8,576	$ 131,953
Total contributions	123,377	8,576	131,953
Investment Income:			
Bank deposits	5,703	2,959	8,662
Government securities	17,169	-	17,169
Insurance contracts	24,831	-	24,831
Net appreciation in fair value of investments	636,559	-	636,559
Net investment income	684,262	2,959	687,221
Total additions	807,639	11,535	819,174
Deductions			
Payments to participants	518,914	-	518,914
Payments to beneficiaries	152,031	30,803	182,834
Other	15,435	3,368	18,803
Total deductions	686,380	34,171	720,551
Net change in net assets	121,259	(22,636)	98,623
Net assets, beginning of year	7,278,016	321,062	7,599,078
Net assets, end of year	$ 7,399,275	$ 298,426	$ 7,697,701

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.

NOTE IV - OTHER INFORMATION (cont.)

B. Risk Management (cont.)

Public Entity Risk Pool

IMLRA

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

C. Commitments and Contingencies

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

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

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

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

D. Other Postemployment Benefits

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

NOTE IV - OTHER INFORMATION (cont.)

D. Other Postemployment Benefits (cont.)

Village employees who retire with 25 or more years of service and at age 55 years or older are eligible to receive the post-employment benefits. The village contributes 100 percent of the current year premiums for medical and dental coverage and a $10,000 life insurance benefit for eligible retired plan members and their families. Beginning July 1, 2008, police officers with at least 20 years of service and at age 50 years or older have the option to retire and receive 50% of their medical, dental, life insurance post-employment benefits paid for by the village. For fiscal year 2010, the village contributed $275,392 to the plan. Plan members receiving benefits are not required to make any contributions to the plan.

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

Annual required contribution	$ 895,092
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	895,092
Contributions made	(275,392)
Increase in net OPEB obligation	899,652
Net OPEB Obligation - Beginning of Year	899,652
Net OPEB Obligation - End of Year	$ 1,519,352

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	$ 895,092	30.80%	$ 1,519,352
12/31/2009	1,051,718	14.46%	899,652

NOTE IV - OTHER INFORMATION (cont.)

D. Other Postemployment Benefits (cont.)

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

Actuarial accrued liability (AAL)	$	9,536,145
Actuarial value of plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	9,536,145
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	$	3,726,344
UAAL as a percentage of covered payroll		256%

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

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

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

NOTE IV - OTHER INFORMATION (cont.)

E. TAX INCREMENT FINANCING DISTRICT

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

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

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

During the fiscal year, Cook County distributed the final property tax bills for the 2009 levy exceptionally late. As a result of this delay, there was still $115,576 in taxes relating the the 2009 levy that were not collected within the fiscal year, or 60 days after year end, in the 1st Avenue TIF. As such, this amount is not recorded as revenue in 2010 and will be recorded in 2011.

Also, the property tax revenues relating to the 1st Avenue TIF are presented net of deductions related to refunds for taxes collected in prior years. Theses refunds are related to amounts collected where the classification of the property was later clarified. Such changes include taxable to tax exempt, 6B code and unoccupied facilities.

The following table indicates the impact of the refunds on the current year property tax revenue in the 1st Avenue TIF fund:

Gross property tax collections	$ 1,454,738
Net refunds	(404,337)
Net property tax revenue	$ 1,050,401

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Future application of this standard may restate portions of these financial statements.

G. SUBSEQUENT EVENT

Subsequent for December 31, 2010, the Village entered into an approximately $4 million contract for an expansion of the MAX facility.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2009

	Original and Final Budget	Actual	Variance with Final Budget	2009 Actual
REVENUES				
TAXES				
Real estate	$ 2,200,000	$ 2,114,947	$ (85,053)	$ 1,982,186
Replacement	462,000	477,909	15,909	443,235
State income	17,000	20,884	3,884	18,221
Sales	465,000	654,006	189,006	455,634
Dumping	60,000	57,640	(2,360)	56,476
Tax stamp	40,000	1,925	(38,075)	41,085
Mineral sales/use	58,500	22,703	(35,797)	32,093
2% fire	7,000	-	(7,000)	7,142
Environmental	40,000	40,000	-	40,000
Telecommunication	100,000	97,124	(2,876)	94,684
Host	10,000	12,981	2,981	8,052
Waste transfer	80,000	89,056	9,056	76,300
Total Taxes	3,539,500	3,589,175	49,675	3,255,108
INTERGOVERNMENTAL				
State forfeiture	-	980	980	3,775
Federal forfeiture	-	479,852	479,852	437,156
Total Intergovernmental	-	480,832	480,832	440,931
Licenses, permits and fees	536,000	403,345	(132,655)	1,020,151
Fines and police reports	206,000	169,237	(36,763)	206,796
Interest	15,000	9,906	(5,094)	21,590
Miscellaneous	211,500	35,648	(175,852)	123,100
Total Revenues	4,508,000	4,688,143	180,143	5,067,676
EXPENDITURES				
GENERAL GOVERNMENT				
General government	2,585,000	2,282,613	302,387	2,043,500
PUBLIC SAFETY				
License and enforcement	70,500	60,163	10,337	51,998
Police department	2,242,800	2,174,240	68,560	2,312,260
Fire department	936,500	673,500	263,000	798,482
Board of police and fire commissioners	12,200	8,734	3,466	7,793
Health department	16,100	8,727	7,373	11,374
Environmental control	30,100	-	30,100	13,043
Total Public Safety	3,308,200	2,925,364	382,836	3,194,950

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

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2009

	Original and Final Budget	Actual	Variance with Final Budget	2009 Actual
PUBLIC WORKS				
Buildings and grounds	$ 372,000	$ 260,267	$ 111,733	$ 236,782
Sanitation	12,500	560	11,940	1,312
Streets	200,100	11,598	188,502	13,101
Street lighting	71,000	40,053	30,947	31,492
Total Public Works	655,600	312,478	343,122	282,687
DEBT SERVICE				
Principal retirement	-	36,258	(36,258)	183,276
Interest and other	-	1,789	(1,789)	5,904
Total Debt Service	-	38,047	(38,047)	189,180
CAPITAL OUTLAY				
General government	16,000	5,964	10,036	6,926
License and enforcement	3,000	1,694	1,306	625
Police department	72,000	126,914	(54,914)	3,273
Fire department	33,500	2,302	31,198	150,741
Buildings and grounds	124,000	27,962	96,038	48,976
Streets	45,000	12,563	32,437	6,368
Street lighting	60,000	1,737	58,263	24,112
Total Capital Outlay	353,500	179,136	174,364	241,021
Total Expenditures	6,902,300	5,737,638	1,164,662	5,951,338
Excess (deficiency) of revenues over (under) expenditures	(2,394,300)	(1,049,495)	1,344,805	(883,662)
OTHER FINANCING SOURCES				
Transfers in	600,000	1,463,631	863,631	397,846
Proceeds of capital leases	-	-	-	148,725
Total Other Financing Sources	600,000	1,463,631	863,631	546,571
Net Change in Fund Balance	$ (1,794,300)	414,136	$ 2,208,436	(337,091)
FUND BALANCE (DEFICIT) - Beginning of Year		(841,067)		(503,976)
FUND BALANCE (DEFICIT) - END OF YEAR		$ (426,931)		$ (841,067)

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

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010

Actuarial Valuation Date	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/09	$ 65,380	100.00%	$ -
12/31/08	29,450	100.00%	-
12/31/07	26,313	100.00%	-

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	$ 2,588,184	$ 2,250,006	$ (338,178)	115.03%	$ 1,707,039	-%
12/31/08	2,348,531	1,941,783	(406,748)	120.95%	1,357,168	-%
12/31/07	2,751,893	1,862,465	(889,428)	147.76%	1,074,018	-%
12/31/06	2,453,574	1,529,641	(923,933)	160.40%	890,921	-%
12/31/05	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	-%

Digest of Changes
Assumptions
On a market value basis, the actuarial value of assets as of December 31, 2009 is $2,527,496. On a market basis, the funded ratio would be 112.33%.

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

Valuation date	12/31/2009
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	23 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	0.4 - 10%
Inflation factor	4.00%
Cost of living adjustments	3.00%

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

VILLAGE OF MCCOOK

ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010

Actuarial Valuation Date	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/09	$ 9,412	100.00%	$ -
12/31/08	9,107	100.00%	-
12/31/07	8,680	100.00%	-

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	$ 57,900	$ 46,504	$ (11,396)	124.51%	$ 71,955	0.00%
12/31/08	44,132	28,981	(15,151)	152.28%	70,983	0.00%
12/31/07	29,277	14,115	-	207.42%	66,106	0.00%

Digest of Changes
Assumptions
On a market value basis, the actuarial value of assets as of December 31, 2009 is $56,795. On a market basis, the funded ratio would be 122.13%.

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

Valuation date	12/31/2009
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	28 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	0.4 - 10%
Inflation factor	4.00%
Cost of living adjustments	3.00%

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

VILLAGE OF MCCOOK

POLICE PENSION FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010

Fiscal Year Ended	Cost (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/2010	$ 443,733	0.00%	$ 883,183
12/31/2009	235,869	105.99%	430,421
12/31/2008	220,523	97.30%	199,231

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	$ 7,399,275	$12,958,917	$ 5,559,642	57.10%	$ 1,195,374	465.10%
12/31/2009	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2008	6,551,581	11,604,736	5,053,155	56.46%	1,175,382	429.92%
12/31/2007	9,161,937	10,929,706	1,767,769	83.83%	959,358	184.27%
12/31/2006	9,049,092	10,586,209	1,537,117	85.48%	974,280	157.77%
12/31/2005	8,557,861	9,866,183	1,308,322	86.74%	864,122	151.40%

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

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

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

VILLAGE OF MCCOOK

FIREFIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010

Fiscal Year Ended	Cost (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/2010	$ 42,312	0.00%	$ 59,135
12/31/2009	39,075	217.53%	15,571
12/31/2008	35,586	110.20%	21,407

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	$ 298,426	$ 888,310	$ 589,884	33.59%	$ 90,596	651.11%
12/31/2009	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2008	228,039	788,637	560,598	28.92%	82,500	679.51%
12/31/2006	224,659	768,412	543,753	29.24%	74,970	725.29%
12/31/2005	194,715	669,098	474,383	29.10%	64,751	732.63%
12/31/2004	219,961	623,187	403,226	35.30%	60,480	666.71%

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

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

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

VILLAGE OF MCCOOK

RETIREES' HEALTH PLAN
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010

Actuarial Valuation Date	Cost (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/2010	$ 895,092	30.80%	$ 1,519,352
12/31/2009	1,051,718	14.46%	899,652
12/31/2008	N/A	N/A%	N/A

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	$ -	$ 9,536,145	$ 9,536,145	0.00%	$ 3,726,344	255.91%
12/31/2009	-	7,738,615	7,738,615	0.00%	3,455,488	223.95%
12/31/2008	N/A	N/A	N/A	N/A%	N/A	N/A%

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

Valuation date	12/31/2010
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	5.00%
Inflation factor	3.00%

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

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, 2010

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 22,537	$ 122,141	$ 113,371	$ 258,049
Receivables				
Real estate taxes	-	-	131,480	131,480
Restricted cash and investments	-	-	109,639	109,639
Due from other funds	14,089	-	-	14,089
TOTAL ASSETS	$ 36,626	$ 122,141	$ 354,490	$ 513,257
LIABILITIES AND FUND BALANCES				
Liabilities				
Interfund advances	$ -	$ 191,207	$ -	$ 191,207
Deferred revenue	-	-	98,000	98,000
Total Liabilities	-	191,207	98,000	289,207
Fund Balances (Deficit)				
Unreserved fund balance	36,626	(69,066)	256,490	224,050
Total Fund Balances (deficit)	36,626	(69,066)	256,490	224,050
TOTAL LIABILITIES AND FUND BALANCES	$ 36,626	$ 122,141	$ 354,490	$ 513,257

VILLAGE OF MCCOOK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Motor Fuel Tax	911 E.T.S.	Joliet Road TIF	Total Nonmajor Governmental Funds
REVENUES				
Real estate taxes	$ -	$ -	$ 115,931	$ 115,931
Motor fuel tax	5,903	-	-	5,903
Fees collected	-	5,638	-	5,638
Interest	31	-	6,635	6,666
Total Revenues	5,934	5,638	122,566	134,138
EXPENDITURES				
Current				
Community development	-	-	45,500	45,500
Maintenance and service	-	4,645	-	4,645
Debt Service				
Interest and other	-	-	97,500	97,500
Principal retirement	-	-	100,000	100,000
Total Expenditures	-	4,645	243,000	247,645
Excess (deficiency) of revenues over expenditures	5,934	993	(120,434)	(113,507)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(10,000)	(10,000)
Total Other Financing Sources (Uses)	-	-	(10,000)	(10,000)
Net Change in Fund Balances	5,934	993	(130,434)	(123,507)
FUND BALANCES (DEFICIT) - Beginning of Year	30,692	(70,059)	386,924	347,557
FUND BALANCES (DEFICIT) - END OF YEAR	$ 36,626	$ (69,066)	$ 256,490	$ 224,050

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - MOTOR FUEL TAX - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2009

	Original and Final Budget	Actual	Variance with Final Budget	2009 Actual
REVENUES				
INTERGOVERNMENTAL				
Motor fuel tax allotments	$ -	$ 5,903	$ 5,903	$ 6,504
Interest	-	31	31	65
Total Revenues	-	5,934	5,934	6,569
EXPENDITURES				
Road construction	20,000	-	20,000	-
Clerical	3,200	-	3,200	-
Contingency	5,000	-	5,000	-
Total Expenditures	28,200	-	28,200	-
Net Change in Fund Balance	$ (28,200)	5,934	$ 34,134	6,569
FUND BALANCE - Beginning of Year		30,692		24,123
FUND BALANCE - END OF YEAR		$ 36,626		$ 30,692

VILLAGE OF MCCOOK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - 911 E.T.S. - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2009

	Original and Final Budget	Actual	Variance with Final Budget	2009 Actual
REVENUES				
Fees collected	$ -	$ 5,638	$ 5,638	$ 7,988
Total Revenues	-	5,638	5,638	7,988
EXPENDITURES				
CURRENT				
Maintenance and service	20,000	4,645	15,355	4,557
Salary	5,000	-	5,000	-
Total Expenditures	25,000	4,645	20,355	4,557
Net Change in Fund Balance	$ (25,000)	993	$ 25,993	3,431
FUND BALANCE (DEFICIT) - Beginning of Year		(70,059)		(73,490)
FUND BALANCE (DEFICIT) - END OF YEAR		$ (69,066)		$ (70,059)

VILLAGE OF MCCOOK

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
DECEMBER 31, 2010

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	$ 363,544	$ 100,869	$ 464,413
Investments - certificates of deposits with banks	100,000	197,557	297,557
Investments - other, at fair value	6,931,694	-	6,931,694
Interest receivable	4,037	-	4,037
Total Assets	7,399,275	298,426	7,697,701
LIABILITIES			
NET ASSETS			
Net assets reserved for participants and beneficiaries	$ 7,399,275	$ 298,426	$ 7,697,701

VILLAGE OF MCCOOK

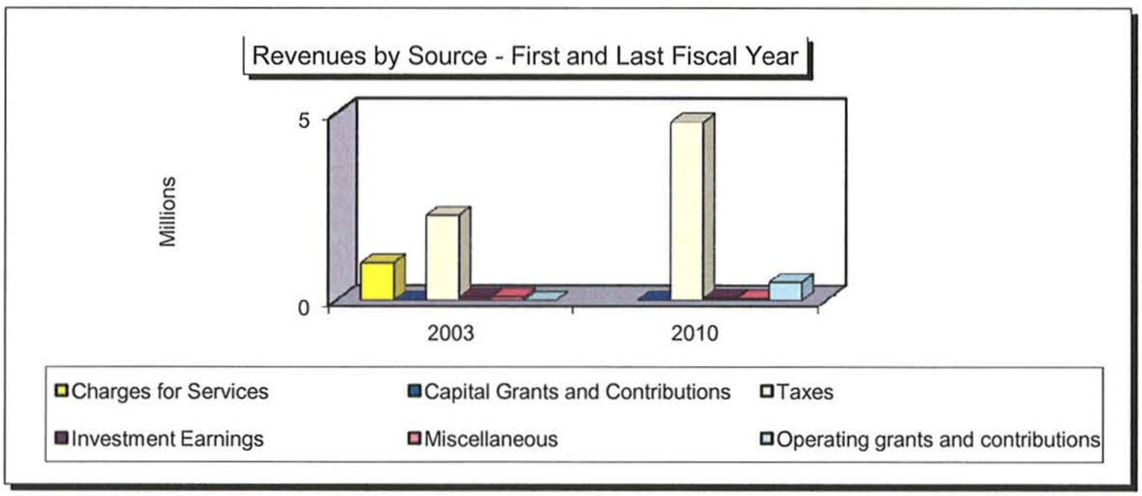
COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

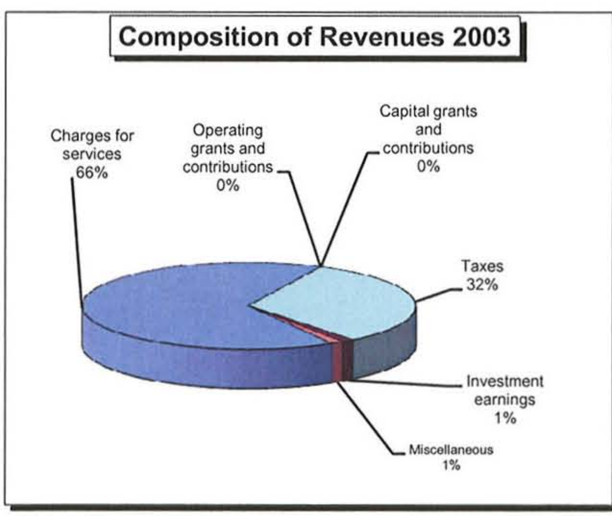
	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Employee contributions	$ 123,377	$ 8,576	$ 131,953
Total	123,377	8,576	131,953
Investment income			
Bank deposits	5,703	2,959	8,662
Government securities	17,169	-	17,169
Insurance contracts	24,831	-	24,831
Net appreciation in fair value of investments	636,559	-	636,559
Total Investment Income	684,262	2,959	687,221
Total Additions	807,639	11,535	819,174
DEDUCTIONS			
Payments to participants	518,914	-	518,914
Payments to beneficiaries	152,031	30,803	182,834
Administrative	15,435	3,368	18,803
Total Deductions	686,380	34,171	720,551
Change in Net Assets	121,259	(22,636)	98,623
NET ASSETS - Beginning of Year	7,278,016	321,062	7,599,078
NET ASSETS, END OF YEAR	$ 7,399,275	$ 298,426	$ 7,697,701

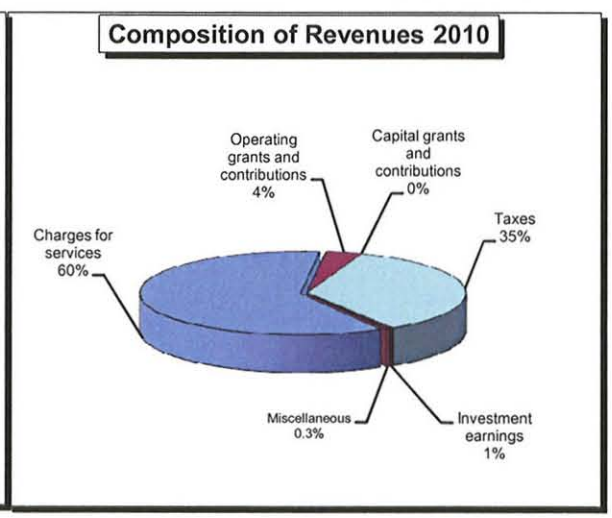
VILLAGE OF McCOOK

GOVERNMENT-WIDE REVENUES BY TYPE
LAST EIGHT FISCAL YEARS

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







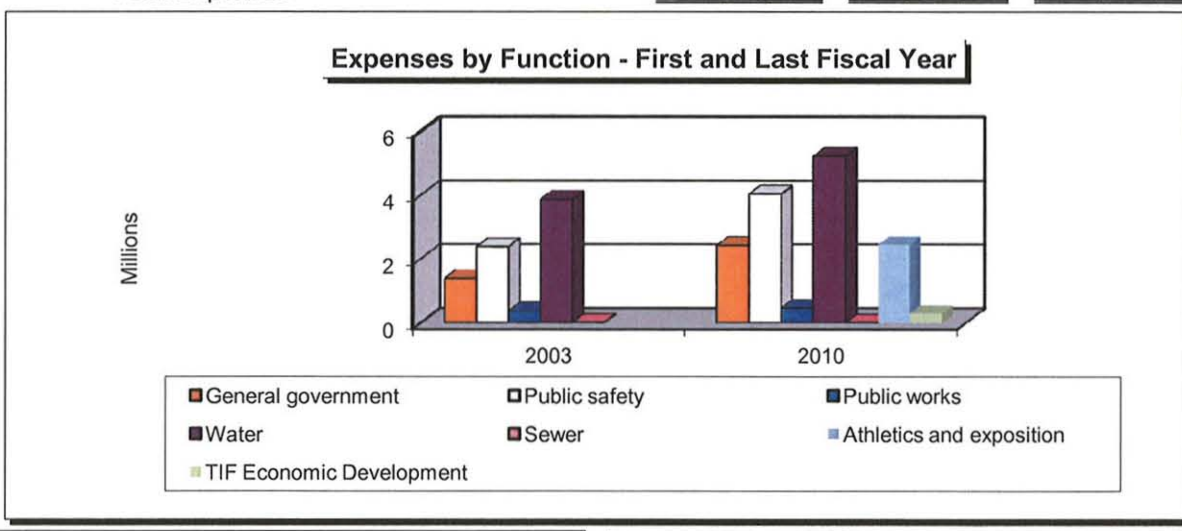
SOURCE OF INFORMATION: 2003-2010 financial statements

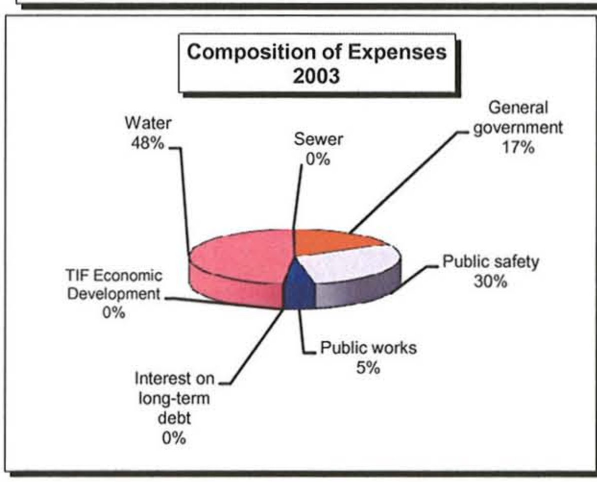
2006	2007	2008	2009	2010
$ 5,351,922	$ 5,392,677	$ 5,604,956	$ 7,943,571	$ 8,098,786
240,985	211,603	135,107	447,435	486,735
-	-	-	275,000	-
5,592,907	5,604,280	5,740,063	8,666,006	8,585,521
3,757,483	4,905,922	5,635,766	5,321,541	4,755,507
102,249	118,731	144,309	73,331	55,246
97,557	79,334	85,441	132,669	41,458
3,957,289	5,103,987	5,865,516	5,527,541	4,852,211
$ 9,550,196	$ 10,708,267	$ 11,605,579	$ 14,193,547	$ 13,437,732

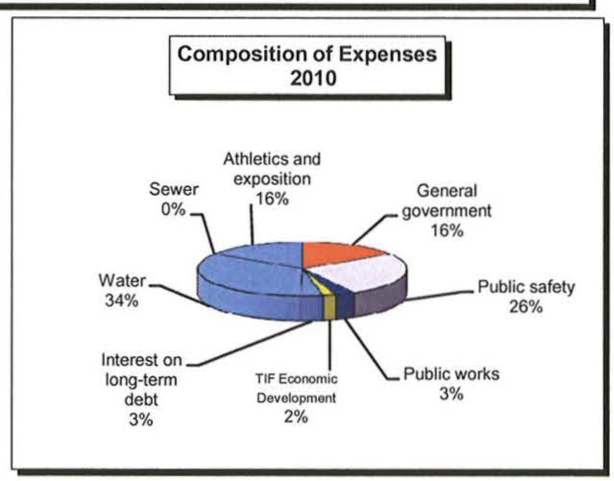
VILLAGE OF McCOOK

GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST EIGHT FISCAL YEARS

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







SOURCE OF INFORMATION: 2003-2010 Financial Statements

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

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS REVENUES BY SOURCE *

LAST TEN FISCAL YEARS

	2010	2009	2008	2007
Local Sources				
Taxes	$ 4,755,507	$ 5,321,541	$ 5,635,766	$ 4,905,922
Intergovernmental	486,735	447,435	135,107	211,603
Licenses, permits, and fees	408,983	1,028,139	354,783	493,298
Fines and police reports	169,237	206,796	199,194	142,737
Interest earned	50,045	59,472	53,482	100,312
Miscellaneous	35,648	123,100	85,441	79,334
Total Local Sources	$ 5,906,155	$ 7,186,483	$ 6,463,773	$ 5,933,206

* - Includes revenues for all Governmental Fund Types.

SOURCE OF INFORMATION: 2001-2010 Annual Financial Statements.

2006	2005	2004	2003	2002	2001
$ 3,757,483	$ 3,495,621	$ 2,046,212	$ 2,266,210	$ 1,375,274	$ 1,839,058
240,985	76,282	57,881	7,209	7,226	7,283
469,607	299,024	242,285	201,653	596,628	634,576
138,189	118,906	71,051	123,111	106,412	139,846
82,158	32,069	21,625	48,850	104,058	190,339
97,557	118,949	99,315	87,459	118,256	76,116
$ 4,785,979	$ 4,140,851	$ 2,538,369	$ 2,734,492	$ 2,307,854	$ 2,887,218

VILLAGE OF McCOOK

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION*

LAST TEN FISCAL YEARS

	2010	2009	2008	2007
Current Operating				
General Government	$ 2,288,577	$ 2,050,426	$ 2,076,558	$ 1,878,769
TIF Economic Development	295,321	18,270,823	2,798,857	-
Public Safety	3,060,919	3,354,146	3,013,519	2,850,256
Public Works	354,740	362,143	396,883	329,921
Debt Service	1,890,553	231,159	459,720	465,263
Total Operating	7,890,110	24,268,697	8,745,537	5,524,209
Total	$ 7,890,110	$ 24,268,697	$ 8,745,537	$ 5,524,209

* - Includes expenditures for all Governmental Fund Types.

SOURCE OF INFORMATION: 2001-2010 Annual Financial Statements.

2006	2005	2004	2003	2002	2001
$ 1,691,461	$ 1,556,911	$ 1,458,189	$ 1,369,970	$ 1,261,763	$ 1,230,098
-	-	-	-	-	-
2,480,555	2,194,391	2,596,072	2,308,053	2,427,199	2,061,571
349,571	387,515	790,361	325,931	285,259	203,233
464,354	478,432	106,206	83,851	57,647	35,697
4,985,941	4,617,249	4,950,828	4,087,805	4,031,868	3,530,599
$ 4,985,941	$ 4,617,249	$ 4,950,828	$ 4,087,805	$ 4,031,868	$ 3,530,599

VILLAGE OF McCOOK

PROPERTY TAX RATES, LEVIES AND COLLECTIONS

LAST TEN TAX LEVY YEARS

	2009	2008	2007	2006
Rates Extended*				
Corporate	1.7132	1.4182	1.2777	1.3554
Bond & Interest	0.0000	0.0000	0.1855	0.2016
Police Pension	0.0000	0.0000	0.0000	0.0000
IMRF	0.0000	0.0000	0.0000	0.0000
Fire Pension	0.0000	0.0000	0.0000	0.0000
Total Rates Extended	1.7132	1.4182	1.4632	1.5570
Levies Extended				
Total Levies Extended	$ 3,442,417	$ 4,171,599	$ 4,165,627	$ 3,346,380
Total Collections^	$ 2,453,556	$ 4,044,329	$ 4,040,400	$ 3,331,178
Percentage of Extensions Collected	71.27%	96.95%	96.99%	99.55%

* 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 2000 to 2009.

2005	2004	2003	2002	2001	2000
1.3346	1.7542	1.6378	1.6615	1.6333	1.6113
0.2028	0.2811	N/A	N/A	N/A	N/A
0.0000	0.0000	0.0000	0.0000	0.0000	0.1561
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0446
1.5374	2.0353	1.6378	1.6615	1.6333	1.8120
$ 2,164,015	$ 2,124,525	$ 1,752,619	$ 1,717,407	$ 1,644,972	$ 1,643,295
$ 2,148,900	$ 2,090,256	$ 1,718,723	$ 1,671,996	$ 1,385,267	$ 1,512,001
99.30%	98.39%	98.07%	97.36%	84.21%	92.01%

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VILLAGE OF McCOOK

EQUALIZED ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN TAX LEVY YEARS

Tax Levy Year	Equalized Assessed Valuation	Amount of Increase (Decrease) Over Previous Year	Percentage Increase (Decrease) Over Previous Year	Actual Estimated Value*
2009	$ 130,338,743	$ (21,912,282)	-14.39%	$ 391,016,229
2008	152,251,025	6,747,531	4.64%	456,753,075
2007	145,503,494	8,336,491	6.08%	436,510,482
2006	137,167,003	(2,141,845)	-1.54%	411,501,009
2005	139,308,848	35,842,065	34.64%	417,926,544
2004	103,466,783	(2,408,826)	-2.28%	310,400,349
2003	105,875,609	3,555,504	3.47%	317,626,827
2002	102,320,105	2,892,002	2.91%	306,960,315
2001	99,428,103	9,751,389	10.87%	298,284,309
2000	89,676,714	(10,568,901)	-14.83%	269,030,142

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

SOURCE OF INFORMATION: Cook County Levy, Rate and Extension Reports for 2000 to 2009.

VILLAGE OF McCOOK

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

LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Tax Levy Year	Gross General Bonded Debt	Reserved for Retirement of Funded Debt	Debt Payable From Enterprise Revenues
2010	2009	$ 14,710,000	$ -	$ 14,710,000
2009	2008	14,880,000	-	14,880,000
2008	2007	15,030,000	-	15,030,000
2007	2006	570,000	-	160,000
2006	2005	1,130,000	-	315,000
2005	2004	1,670,000	-	460,000
2004	2003	2,200,000	-	600,000
2003	2002	1,550,000	-	950,000
2002	2001	1,150,000	-	1,150,000
2001	2000	1,950,000	10,841	1,939,159

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

SOURCE OF INFORMATION: 2001-2010 Annual Financial Statements.

Net General Bonded Debt	Equalized Assessed Valuation	Percentage of Net General Bonded Debt to Assessed Valuation	Estimated Population	Net General Bonded Debt Per Capita
$ -	$ 130,338,743	0.00	236	$ -
-	152,251,025	0.00	249	-
-	145,503,494	0.00	249	-
410,000	137,167,003	0.30	249	1,647
815,000	139,308,848	0.59	250	3,260
1,210,000	103,466,783	1.17	250	4,840
1,600,000	105,875,609	1.51	250	6,400
600,000	102,320,105	0.59	250	2,400
-	99,428,103	0.00	250	-
-	89,676,714	0.00	250	-

VILLAGE OF McCOOK

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

LAST TEN FISCAL YEARS

Year Ended December 31	Total General Expenditures (1)	Total Debt Service	Percentage of Annual Debt Service Fund Expenditures To Total General Expenditures
2010	$ 7,890,110	$ 1,890,553	23.96%
2009	24,268,697	231,159	0.95%
2008	8,745,537	459,720	5.26%
2007	5,524,209	465,263	8.42%
2006	4,985,941	464,354	9.31%
2005	4,617,249	478,432	10.36%
2004	4,950,828	106,206	2.15%
2003	4,087,805	83,851	2.05%
2002	4,031,868	57,647	1.43%
2001	3,530,599	35,697	1.01%

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

SOURCE OF INFORMATION: 2001-2010 Annual Financial Statements.

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED JUNE 16, 2008
DECEMBER 31, 2010

GENERAL OBLIGATION BONDS - BUSINESS-TYPE PORTION

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2009	$ 150,000	$ 150,000	$ -	$ -	$ -
2010	170,000	170,000	-	-	-
2011	200,000	-	200,000	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	$ 15,030,000	$ 320,000	$ 14,710,000	$ 10,123,525	$ 24,833,525

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

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED JUNE 30, 2009
DECEMBER 31, 2010

TAX INCREMENT FINANCING BONDS - 1ST AVENUE TIF 2009 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2010	$ 1,095,000	$ 1,095,000	$ -	$ -	$ -
2011	735,000	-	735,000	432,739	1,167,739
2012	770,000	-	770,000	408,815	1,178,815
2013	805,000	-	805,000	383,751	1,188,751
2014	840,000	-	840,000	357,549	1,197,549
2015	875,000	-	875,000	330,207	1,205,207
2016	915,000	-	915,000	301,725	1,216,725
2017	960,000	-	960,000	271,942	1,231,942
2018	1,000,000	-	1,000,000	240,694	1,240,694
2019	1,045,000	-	1,045,000	208,144	1,253,144
2020	1,095,000	-	1,095,000	156,308	1,251,308
2021	1,140,000	-	1,140,000	138,487	1,278,487
2022	1,195,000	-	1,195,000	120,475	1,315,475
2023	1,245,000	-	1,245,000	101,594	1,346,594
2024	1,305,000	-	1,305,000	81,923	1,386,923
2025	1,360,000	-	1,360,000	61,304	1,421,304
2026	1,425,000	-	1,425,000	39,816	1,464,816
2027	1,095,000	-	1,095,000	17,301	1,112,301
Total	$ 18,900,000	$ 1,095,000	$ 17,805,000	$ 3,652,774	$ 21,457,774

Paying agent:	Village of McCook
Principal payment date:	January 1*
Interest payment dates:	January 1* and July 1
Interest rates:	Variable
Original amount of issue:	$ 18,900,000

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

VILLAGE OF McCOOK

SCHEDULE OF BONDS OUTSTANDING
ISSUE DATED JULY 27, 2009
DECEMBER 31, 2010

TAX INCREMENT FINANCING BONDS - JOLIET ROAD TIF 2009 SERIES

Year Ended December 31	Bonds Issued	Bonds Paid	Bonds Outstanding	Interest Payable	Total Debt Service
2010	$ 100,000	$ 100,000	$ -	$ -	$ -
2011	-	-	-	97,500	97,500
2012	-	-	-	97,500	97,500
2013	-	-	-	97,500	97,500
2014	-	-	-	97,500	97,500
2015	-	-	-	97,500	97,500
2016	-	-	-	97,500	97,500
2017	-	-	-	104,000	104,000
2018	-	-	-	104,000	104,000
2019	-	-	-	104,000	104,000
2020	-	-	-	104,000	104,000
2021	-	-	-	104,000	104,000
2022	-	-	-	104,000	104,000
2023	-	-	-	104,000	104,000
2024	-	-	-	104,000	104,000
2025	-	-	-	104,000	104,000
2026	-	-	-	104,000	104,000
2027	-	-	-	104,000	104,000
2028	-	-	-	104,000	104,000
2029	1,200,000	-	1,200,000	60,667	1,260,667
Total	$ 1,300,000	$ 100,000	$ 1,200,000	$ 1,893,667	$ 3,093,667

Paying agent:	Village of McCook
Principal payment date:	July 1
Interest payment dates:	December 31
Interest rates:	7.50-8.00%
Original amount of issue:	$ 1,300,000

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BAKER TILLY

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INDEPENDENT AUDITOR'S COMPLIANCE REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Village of McCook, as of and for the year ended December 31, 2010, and have issued our report thereon dated October 10, 2011. The financial statements are the responsibility of the management of the Village of McCook. Our responsibility is to express opinions on the financial statements based upon our audit.

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

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

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

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

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
October 10, 2011

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