

VILLAGE OF SUMMIT,  
ILLINOIS

ANNUAL  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2011



**VILLAGE OF SUMMIT, ILLINOIS**

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## FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules



**INDEPENDENT AUDITORS' REPORT**

August 7, 2012

The Honorable Mayor  
Members of the Board of Trustees  
Village of Summit, Illinois

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 Summit, Illinois as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Village of Summit, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

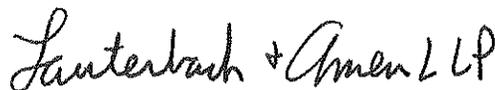
Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

As described in Note 4, the financial statements do not disclose the composition of the net pension obligation nor a liability to be recognized when the accumulated annual pension cost exceed the accumulated contributions. The effects of those departures on the financial statements are not reasonably determinable. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

In our opinion, except for the effect of such adjustments, if any, as might have been disclosed with respect to the net pension obligation, 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 Summit, Illinois as of December 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Summit, Illinois' financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.



LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

(Unaudited)

The discussion and analysis of Village of Summit's (the "village") financial performance provides an overall review of the village's financial activities for the year ended December 31, 2011. The management of the village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

### Financial Highlights

- The assets of the village exceeded its liabilities at the close of the most recent fiscal year by \$1,336 thousand (net assets). The Village currently has a deficit in its unrestricted assets and is currently evaluating options to fund operations on an unrestricted basis.
- In total, net assets decreased by \$1,594 thousand. This represents a 54.4% decrease from 2010. This decrease is due to increases in personnel costs and retirement health care costs and declines in revenues seen by the Village.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2.7 million, a increase of \$106 thousand in comparison with the prior year. Of that amount, the Village has overspent its undesignated fund balance by approximately \$572 thousand. It is the Village's intention to fund the deficit in future years.
- General revenues accounted for \$8.1 million in revenue or 73.6% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$2.9 million or 26.4% of total governmental revenues.
- The Village had \$12.6 million in expenses related to government activities. However, only \$2.9 million of these expenses were offset by program specific charges and grants.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was (\$562,095).
- The Village's total debt increased by \$368,338 during the current year. The increase was due to the issuance of a capital lease to purchase an ambulance and conversion of the tax anticipation warrants to a long-term general obligation bond.

### 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.

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

(Unaudited)

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, public safety, public works and community development. The village's business type activities include providing water services to its residents.

### *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 two categories: governmental 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.

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

(Unaudited)

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

The Village maintains two major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the 63rd St. and Archer Avenue TIF Fund, both of which are considered to be major funds. Data for 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 each of the major funds listed above. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

### Enterprise funds

Enterprise funds are used to account for the resources received and the expenses paid in relation to the water system of the Village. The accounting for the Enterprise fund is on the accrual basis of accounting.

### Fiduciary funds

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

### *Notes to basic financial statements*

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

### *Other information*

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

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2011 (Unaudited)

### Government-Wide Financial Analysis

<i>Table 1 Condensed Statements of Net Assets (in thousands of dollars)</i>						
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>2011 2010</u>	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current and other assets	\$ 7,667	\$ 8,119	\$ 653	\$ 517	\$ 8,320	\$ 8,636
Capital Assets	<u>2,637</u>	<u>2,688</u>	<u>536</u>	<u>610</u>	<u>3,173</u>	<u>3,298</u>
Total assets	<u>10,304</u>	<u>10,807</u>	<u>1,189</u>	<u>1,127</u>	<u>11,493</u>	<u>11,934</u>
<b>Liabilities</b>						
Long-term liabilities	4,376	2,731	410	296	4,786	3,027
Other liabilities	<u>5,142</u>	<u>5,735</u>	<u>229</u>	<u>243</u>	<u>5,371</u>	<u>5,978</u>
Total liabilities	<u>9,518</u>	<u>8,466</u>	<u>639</u>	<u>539</u>	<u>10,157</u>	<u>8,988</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	1,679	2,098	515	563	2,194	2,661
Restricted	3,269	3,082	-	-	3,269	3,082
Unrestricted	<u>(4,162)</u>	<u>(2,839)</u>	<u>35</u>	<u>25</u>	<u>(4,127)</u>	<u>(2,814)</u>
Total net assets	<u>\$ 786</u>	<u>\$ 2,341</u>	<u>\$ 550</u>	<u>\$ 588</u>	<u>\$ 1,336</u>	<u>\$ 2,929</u>

#### *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.

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2011 (Unaudited)

### *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 \$1,593 thousand from \$2,929 thousand to \$1,336 thousand. The village's total assets equal \$11,493 thousand. The village's total liabilities equal \$10,157 thousand.

The Village experienced decreased current and other assets as it decreased the estimate of collection of current year real estate tax collections, and its cash and investments. Also, the Village decreased the deferred revenue relating to the real estate taxes receivable, to be utilized specifically in 2012.

A portion of the net assets of the governmental activities is restricted for street maintenance, road improvements, and special assessments. The unrestricted combined balance, for both governmental and business type activities, is a negative amount of \$(4,127) thousand. The Village is taking steps to correct this in the future.

<b>Table 2</b>						
<b>Condensed Statements of Activities</b>						
<b>(in thousands of dollars)</b>						
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>2011 2010</u>	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
<i>Program revenues</i>						
Charges for services	\$ 1,982	\$ 1,748	\$ 2,528	\$ 2,423	\$ 4,510	\$ 4,171
Operating grants and contributions	941	1,076	-	-	941	1,076
<i>General revenues</i>						
Property taxes	4,106	3,980	-	-	4,106	3,980
Other taxes	2,265	2,124	-	-	2,265	2,124
Intergovernmental	1,016	999	-	-	1,016	999
Other general revenues	151	356	-	-	151	356
<b>Total revenues</b>	<b>10,461</b>	<b>10,283</b>	<b>2,528</b>	<b>2,423</b>	<b>12,989</b>	<b>12,706</b>
<b>Expenses</b>						
General government	5,310	4,721	-	-	5,310	4,721
Public safety	4,968	4,740	-	-	4,968	4,740
Public works	1,031	1,078	-	-	1,031	1,078
Community development	1,244	1,021	-	-	1,244	1,021
Interest and fees	58	54	-	-	58	54
Water	-	-	1,971	1,945	1,971	1,945
<b>Total expenses</b>	<b>12,611</b>	<b>11,614</b>	<b>1,971</b>	<b>1,945</b>	<b>14,582</b>	<b>13,559</b>
Change in net assets before transfers, special and extraordinary items	(2,150)	(1,331)	557	477	(1,593)	(854)
Transfers	595	500	(595)	(500)	-	-
Special items	-	-	-	-	-	-
<b>Change in net assets</b>	<b>(1,555)</b>	<b>(831)</b>	<b>(38)</b>	<b>(23)</b>	<b>(1,593)</b>	<b>(854)</b>
Net assets, beginning of year as restated	2,341	3,172	588	611	2,929	3,783
<b>Net assets end of year</b>	<b>\$ 786</b>	<b>\$ 2,341</b>	<b>\$ 550</b>	<b>\$ 588</b>	<b>\$ 1,336</b>	<b>\$ 2,945</b>

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

(Unaudited)

### *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.

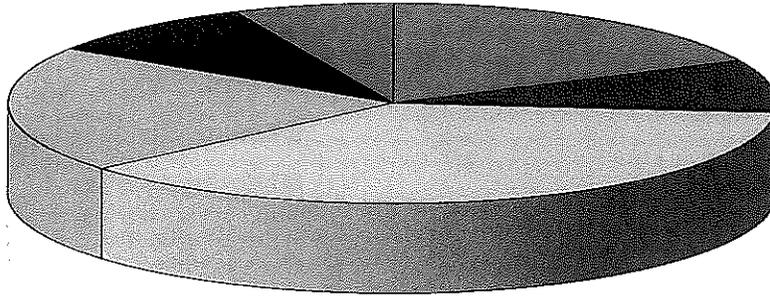
### *Current Year Impacts*

The Governmental Activities experienced an increase in revenue due to increased receipt of other taxes; mainly sales and income taxes. This increase combined with increase in personnel costs resulted in a decrease in net assets to \$1.3 million compared to \$2.9 million in the prior fiscal year. Overall, the village's financial position has declined since the prior fiscal year.

# VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2011  
(Unaudited)

## Governmental Activities



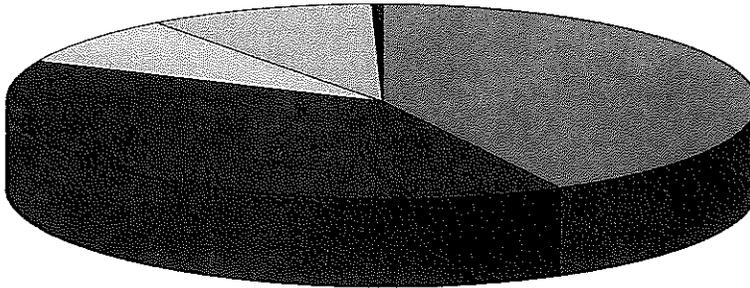
- Charges for Services
- Operating Grants and Contributions
- Property Taxes
- Other Taxes
- Intergovernmental
- Other General Revenues

## Revenues

The Village experienced an increase in revenue for this fiscal year. This increase in revenues amounted to \$273 thousand. This increase in revenues was directly related to increased charges for service, property taxes and other taxes. The Village saw decreases in grant revenues and other general revenues.

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2011 (Unaudited)



### *Expenses*

The Village's overall expenses in the current fiscal year increased over the previous year by \$997 thousand. Increases in health insurance, liability insurance and personnel costs were the result of this increase. In the current year, the Village's expenses in public safety increased due to the salary increases in this area.

### *Business-Type Activities*

The business-type activity of the Village includes the Water Department. The Water Department serves the Village residents and businesses. Pricing for water is based on analysis of total costs related to the obtaining and distribution of water. These rates include the costs related to the Village's supplier, the City of Chicago. The current year's revenues of the Water Department increased by \$105 thousand due to the increased water rates charged by the Village.

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

The Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds:** The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,696 thousand, an increase of \$106 thousand in comparison with the prior year. All of which is available for spending at the government's discretion (unassigned fund balance) within their respective fund types. The Village has seen increase in fines and fees due to modifications in the fee structure. The Village has seen an increase in costs as it relates to insurance for the employees.

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

(Unaudited)

### General Fund Budgetary Highlights

The Village approves its budget in December prior to the beginning of the budget year. For the 2011 year, the budget was passed in December 2010 and no amendments were approved. In the current year, the Village has seen increases in its state revenues such as sales taxes, income taxes and telecommunication taxes. The Village has also seen an increase in fines and forfeitures to budget. The General Fund revenues came in at a surplus to budget of approximately \$.8 million.

Expenditures actual exceeded budget by approximately \$1.1 million. The excess was due to purchases that were not budgeted for various capital items. The cost savings by the Village were due to a grant not getting underway prior to the end of the fiscal year and other cost saving measures by the personnel. The Village saw excesses in liability insurance and health insurance. Retirements were also in excess of budget.

### Capital Assets and Debt Administration

#### Capital assets

By the end of 2011, the Village had compiled a total investment of \$9,123 thousand (\$3,174 thousand net of accumulated depreciation) in a broad range of capital assets. Total depreciation expense for the year was \$298,955. More detailed information about capital assets can be found in Note 3 of the basic financial statements.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	2011	2010	2011	2010	2011	2010
Land	\$ 651	\$ 651	\$ 17	\$ 17	\$ 668	\$ 668
Buildings	599	622	23	23	622	645
Land improvements	45	49	-	-	45	49
Improvements other than buildings	-	-	230	245	230	245
Waterworks and reservoir system	-	-	116	139	116	139
Vehicles	748	702	-	-	595	664
Machinery	595	664	150	186	898	888
<b>Total</b>	<b>\$ 2,638</b>	<b>\$ 2,688</b>	<b>\$ 536</b>	<b>\$ 610</b>	<b>\$ 3,174</b>	<b>\$ 3,298</b>

#### Debt Administration

The debt administration discussion covers two types of debt reported by the Village's financial statements. The Village's long-term debt includes general obligation bonds, notes payable, capital leases, net pension obligation, compensated absences and other post employment benefits. Overall, the Village reports total debt of \$5.1 million. The Village began the fiscal year with a balance of \$3.4 million in debt, reduced debt by \$350 thousand, and incurred \$2,093 thousand in debt, leaving a December 31, 2011 debt balance of \$5.1 million. More detailed information about debt administration can be found in Note 3 of the basic financial statements.

# VILLAGE OF SUMMIT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

(Unaudited)

**Table 4**  
**Long-Term Debt**  
**(in thousands of dollars)**

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 616	\$ 336	\$ -	\$ -	\$ 616	\$ 336
Notes and other long-term liabilities	4,067	2,713	437	329	4,504	2,991
<b>Total</b>	<b>\$ 4,684</b>	<b>\$ 3,049</b>	<b>\$ 437</b>	<b>\$ 329</b>	<b>\$ 5,120</b>	<b>\$ 3,327</b>

### 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 state and national economic downturn. The Village continues to work to improve the economic stability. In the current year, another Tax Increment Finance District was approved to go along with the TIF Districts created in 2003 and 2010. This TIF is structured to clean up a contaminated area of town and create viable commercial activity.

The poor economic situation in the state has had drastic effects on the Village. Delays in the distribution of revenues such as income taxes and property taxes create cash flow strains on the Village. In addition, the continued erratic investment market causes the pension funds to require additional funding due to investment returns below the actuarial estimates.

### 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, or need additional financial information, contact the Village:

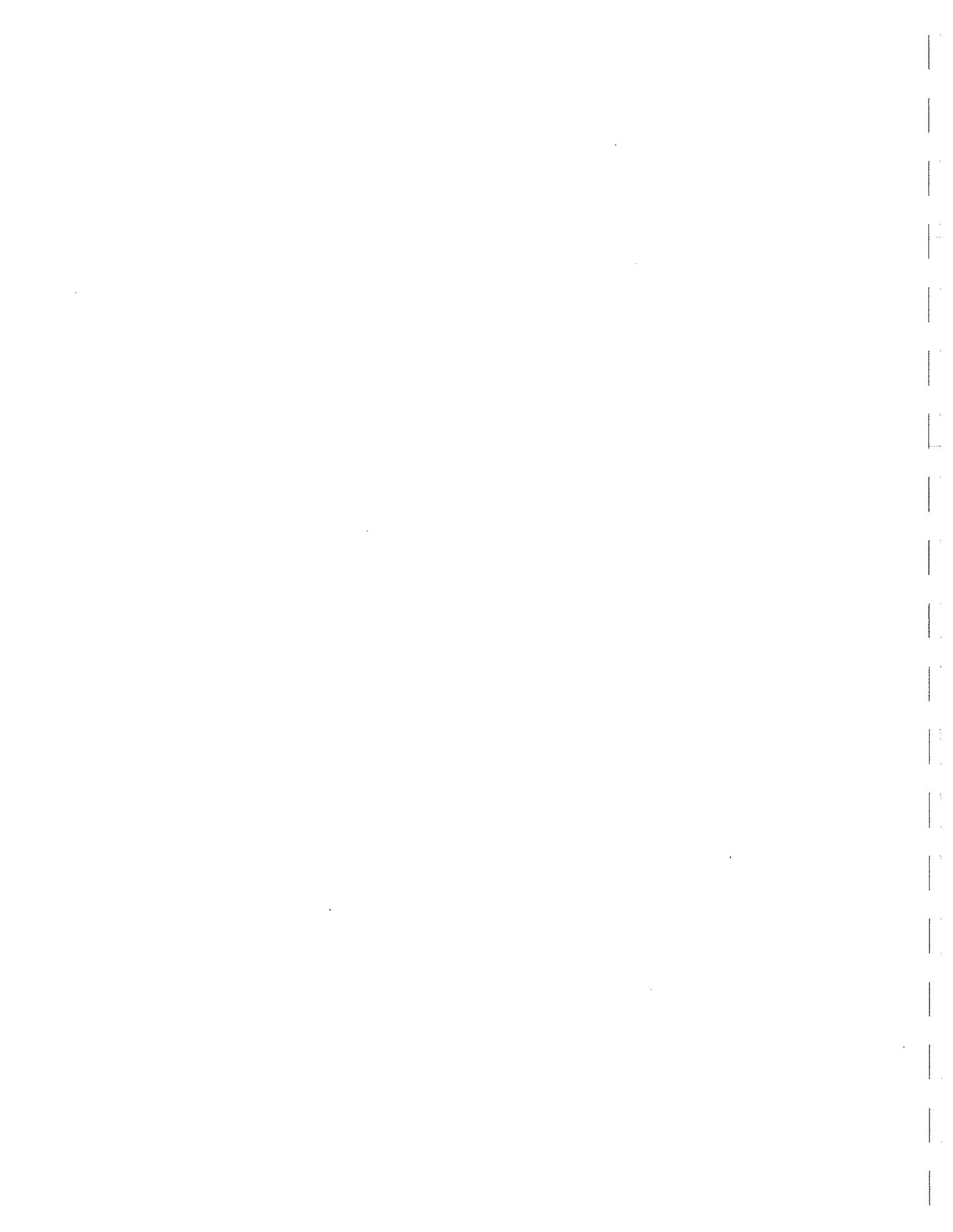
Calene M. Zabinski  
Village Treasurer  
Village of Summit  
7321 W. 59<sup>th</sup> St.  
Summit, IL 60501

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Fund
  - Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



**VILLAGE OF SUMMIT, ILLINOIS**

**Statement of Net Assets  
December 31, 2011**

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**See Following Page**

**VILLAGE OF SUMMIT, ILLINOIS**

**Statement of Net Assets  
December 31, 2011**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 2,371,971	554,082	2,926,053
Restricted Cash and Investments	129,716	-	129,716
<b>Receivables - Net</b>			
Taxes	4,654,510	-	4,654,510
Accounts	-	231,462	231,462
Due from Other Governments	378,175	-	378,175
Internal Balances	132,368	(132,368)	-
<b>Total Current Assets</b>	<b>7,666,740</b>	<b>653,176</b>	<b>8,319,916</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Nondepreciable	650,745	17,117	667,862
Depreciable	6,002,369	2,452,837	8,455,206
Accumulated Depreciation	(4,015,987)	(1,933,453)	(5,949,440)
<b>Total Noncurrent Assets</b>	<b>2,637,127</b>	<b>536,501</b>	<b>3,173,628</b>
<b>Total Assets</b>	<b>10,303,867</b>	<b>1,189,677</b>	<b>11,493,544</b>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SUMMIT, ILLINOIS**

**Statement of Net Assets  
December 31, 2011**

---

**See Following Page**

VILLAGE OF SUMMIT, ILLINOIS

Statement of Net Assets  
December 31, 2011

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 2,371,971	554,082	2,926,053
Restricted Cash and Investments	129,716	-	129,716
Receivables - Net			
Taxes	4,654,510	-	4,654,510
Accounts	-	231,462	231,462
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Internal Balances	132,368	(132,368)	-
Total Current Assets	<u>7,666,740</u>	<u>653,176</u>	<u>8,319,916</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	650,745	17,117	667,862
Depreciable	6,002,369	2,452,837	8,455,206
Accumulated Depreciation	<u>(4,015,987)</u>	<u>(1,933,453)</u>	<u>(5,949,440)</u>
Total Noncurrent Assets	<u>2,637,127</u>	<u>536,501</u>	<u>3,173,628</u>
Total Assets	<u>10,303,867</u>	<u>1,189,677</u>	<u>11,493,544</u>

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 589,608	89,152	678,760
Accrued Payroll	75,004	11,849	86,853
Payroll Liabilities	88,987	-	88,987
Deposits Payable	47,708	101,359	149,067
Deferred/Unearned Revenues	4,033,352	-	4,033,352
Current Portion of Long-Term Debt	302,875	27,010	329,885
<b>Total Current Liabilities</b>	<b>5,137,534</b>	<b>229,370</b>	<b>5,366,904</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	211,379	21,149	232,528
Pension Obligation Payable	99,921	-	99,921
Net Other Post-Employment Benefit Payable	3,361,670	389,121	3,750,791
General Obligation Bonds Payable	442,105	-	442,105
Capital Leases Payable	265,744	-	265,744
<b>Total Noncurrent Liabilities</b>	<b>4,380,819</b>	<b>410,270</b>	<b>4,791,089</b>
<b>Total Liabilities</b>	<b>9,518,353</b>	<b>639,640</b>	<b>10,157,993</b>
<b>NET ASSETS</b>			
Invested in Capital Assets - Net of Related Debt	1,679,248	514,778	2,194,026
Restricted - Public Safety	535,548	-	535,548
Restricted - Community Development	2,563,135	-	2,563,135
Restricted - Highways and Streets	14,842	-	14,842
Restricted - Debt Service	154,626	-	154,626
Unrestricted	(4,161,885)	35,259	(4,126,626)
<b>Total Net Assets</b>	<b>785,514</b>	<b>550,037</b>	<b>1,335,551</b>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Activities  
December 31, 2011

	Expenses	Program Revenues	
		Program Revenues	Operating Grants/ Contributions
<b>Governmental Activities</b>			
General Government	\$ 5,309,815	803,745	-
Public Safety	4,967,568	717,089	940,932
Public Works	1,031,464	460,946	-
Community Development	1,244,330	-	-
Interest on Long-Term Debt	58,126	-	-
<b>Total Governmental Activities</b>	<b>12,611,303</b>	<b>1,981,780</b>	<b>940,932</b>
<b>Business-Type Activities</b>			
Water	1,971,476	2,528,384	-
	<b>14,582,779</b>	<b>4,510,164</b>	<b>940,932</b>

General Revenues
Taxes
Property Taxes
Sales Taxes
Local Use
Utility Taxes
Telecommunication Taxes
Other Taxes
Intergovernmental - Unrestricted
Income Taxes
Personal Property Taxes
Interest Income
Miscellaneous
Transfers
 Change in Net Assets
 Net Assets - Beginning, as Restated
 Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 589,608	89,152	678,760
Accrued Payroll	75,004	11,849	86,853
Payroll Liabilities	88,987	-	88,987
Deposits Payable	47,708	101,359	149,067
Deferred/Unearned Revenues	4,033,352	-	4,033,352
Current Portion of Long-Term Debt	302,875	27,010	329,885
Total Current Liabilities	<u>5,137,534</u>	<u>229,370</u>	<u>5,366,904</u>
Noncurrent Liabilities			
Compensated Absences Payable	211,379	21,149	232,528
Pension Obligation Payable	99,921	-	99,921
Net Other Post-Employment Benefit Payable	3,361,670	389,121	3,750,791
General Obligation Bonds Payable	442,105	-	442,105
Capital Leases Payable	265,744	-	265,744
Total Noncurrent Liabilities	<u>4,380,819</u>	<u>410,270</u>	<u>4,791,089</u>
Total Liabilities	<u>9,518,353</u>	<u>639,640</u>	<u>10,157,993</u>
<b>NET ASSETS</b>			
Invested in Capital Assets - Net of Related Debt	1,679,248	514,778	2,194,026
Restricted - Public Safety	535,548	-	535,548
Restricted - Community Development	2,563,135	-	2,563,135
Restricted - Highways and Streets	14,842	-	14,842
Restricted - Debt Service	154,626	-	154,626
Unrestricted	<u>(4,161,885)</u>	<u>35,259</u>	<u>(4,126,626)</u>
Total Net Assets	<u>785,514</u>	<u>550,037</u>	<u>1,335,551</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Activities  
December 31, 2011

	Expenses	Program Revenues	
		Program Revenues	Operating Grants/ Contributions
<b>Governmental Activities</b>			
General Government	\$ 5,309,815	803,745	-
Public Safety	4,967,568	717,089	940,932
Public Works	1,031,464	460,946	-
Community Development	1,244,330	-	-
Interest on Long-Term Debt	58,126	-	-
Total Governmental Activities	12,611,303	1,981,780	940,932
<b>Business-Type Activities</b>			
Water	1,971,476	2,528,384	-
	14,582,779	4,510,164	940,932

General Revenues

Taxes

Property Taxes

Sales Taxes

Local Use

Utility Taxes

Telecommunication Taxes

Other Taxes

Intergovernmental - Unrestricted

Income Taxes

Personal Property Taxes

Interest Income

Miscellaneous

Transfers

Change in Net Assets

Net Assets - Beginning, as Restated

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net Expense/Revenue		
Governmental Activities	Business Type Activities	Total
(4,506,070)	-	(4,506,070)
(3,309,547)	-	(3,309,547)
(570,518)	-	(570,518)
(1,244,330)	-	(1,244,330)
(58,126)	-	(58,126)
(9,688,591)	-	(9,688,591)
-	556,908	556,908
(9,688,591)	556,908	(9,131,683)
4,105,545	-	4,105,545
1,183,122	-	1,183,122
158,329	-	158,329
529,234	-	529,234
372,956	-	372,956
21,311	-	21,311
859,748	-	859,748
156,336	-	156,336
11,325	76	11,401
139,927	-	139,927
595,000	(595,000)	-
8,132,833	(594,924)	7,537,909
(1,555,758)	(38,016)	(1,593,774)
2,341,272	588,053	2,929,325
785,514	550,037	1,335,551

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SUMMIT, ILLINOIS**

**Balance Sheet - Governmental Funds  
December 31, 2011**

	General	Special Revenue 63rd Street and Archer Avenue TIF	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and Investments	\$ 380,235	1,253,419	738,317	2,371,971
Restricted Cash and Investments	-	-	129,716	129,716
Receivables - Net of Allowances				
Taxes	3,531,544	1,084,657	38,309	4,654,510
Due from Other Governments	378,175	-	-	378,175
Due from Other Funds	132,686	1,134,297	-	1,266,983
<b>Total Assets</b>	<b>4,422,640</b>	<b>3,472,373</b>	<b>906,342</b>	<b>8,801,355</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	201,514	9,187	49,166	259,867
Accrued Payroll	75,004	-	-	75,004
Payroll Liabilities	88,987	-	-	88,987
Deposits Payable	47,708	-	-	47,708
Due to Other Funds	1,422,813	-	41,543	1,464,356
Deferred/Unearned Revenues	3,148,709	1,008,044	12,770	4,169,523
<b>Total Liabilities</b>	<b>4,984,735</b>	<b>1,017,231</b>	<b>103,479</b>	<b>6,105,445</b>
<b>Fund Balances</b>				
Restricted	-	2,455,142	813,009	3,268,151
Unassigned	(562,095)	-	(10,146)	(572,241)
<b>Total Fund Balances</b>	<b>(562,095)</b>	<b>2,455,142</b>	<b>802,863</b>	<b>2,695,910</b>
<b>Total Liabilities and Fund Balances</b>	<b>4,422,640</b>	<b>3,472,373</b>	<b>906,342</b>	<b>8,801,355</b>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SUMMIT, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to  
Net Assets of Governmental Activities**

**December 31, 2011**

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**Total Governmental Fund Balances** **\$ 2,695,910**

Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial  
resources and therefore, are not reported in the funds. 2,637,127

Certain Revenues are Deferred in the Fund Financial Statements because they are not  
Available but are Recognized as Revenues in the Government-Wide Financial Statements. 136,171

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

Compensated Absences Payable	(264,224)
Net Other Post-Employment Benefit Payable	(3,361,670)
Net Pension Obligation	(99,921)
General Obligation Bonds Payable	(615,582)
Capital Leases Payable	<u>(342,297)</u>

**Net Assets of Governmental Activities** **785,514**

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2011

	General	Special Revenue 63rd Street and Archer Avenue TIF	Nonmajor Governmental Funds	Total
<b>Revenues</b>				
Taxes	\$ 5,163,025	1,061,075	146,397	6,370,497
Intergovernmental	1,443,481	-	513,535	1,957,016
Charges for Services	113,123	-	127,722	240,845
Licenses and Permits	1,050,367	-	-	1,050,367
Fines and Forfeits	690,568	-	-	690,568
Interest	359	2,279	8,687	11,325
Miscellaneous	139,927	-	-	139,927
Total Revenues	8,600,850	1,063,354	796,341	10,460,545
<b>Expenditures</b>				
Current				
General Government	4,108,589	-	-	4,108,589
Public Safety	4,676,939	-	77,050	4,753,989
Public Works	737,412	-	241,368	978,780
Community Development	215,594	690,444	130,800	1,036,838
Capital Outlay	230,639	-	175,004	405,643
Debt Service				
Principal Retirement	76,023	-	214,753	290,776
Interest and Fiscal Charges	30,822	-	27,304	58,126
Total Expenditures	10,076,018	690,444	866,279	11,632,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,475,168)	372,910	(69,938)	(1,172,196)
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	10,867	-	13,200	24,067
Debt Issuance	659,114	-	-	659,114
Transfers In	763,991	-	150,000	913,991
Transfers Out	-	(195,000)	(123,991)	(318,991)
	1,433,972	(195,000)	39,209	1,278,181
Net Change in Fund Balances	(41,196)	177,910	(30,729)	105,985
Fund Balances - Beginning, as Restated	(520,899)	2,277,232	833,592	2,589,925
Fund Balances - Ending	(562,095)	2,455,142	802,863	2,695,910

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities

Year Ended December 31, 2011

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Net Change in Fund Balances - Total Governmental Funds \$ 105,985

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	230,584
Depreciation Expense	(224,814)

The net effect of various miscellaneous transactions involving capital assets  
is to decrease net assets.

Disposals - Cost	(135,000)
Disposals - Accumulated Depreciation	78,500

Revenues not Collected as of the Year End are not Considered as "Available" Revenues in the  
Governmental Funds. These are the Amounts that were not Considered Available  
in the Current Year.

23,908

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Decrease in Compensated Absences Payable	8,909
Increase in Net Other Post-Employment Benefit Obligation Payable	(1,225,991)
Increase in Net Pension Obligation	(49,501)
Retirement of General Obligation Bonds Payable	220,418
Retirement of Capital Leases	70,358
Issuance of Debt	<u>(659,114)</u>

Changes in Net Assets of Governmental Activities

(1,555,758)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Net Assets - Proprietary Fund (Business-Type Activities) - Water Fund  
December 31, 2011

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<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 554,082
Receivables - Net of Allowances	
Accounts	231,462
Total Current Assets	<u>785,544</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	17,117
Depreciable	2,452,837
Accumulated Depreciation	<u>(1,933,453)</u>
Total Noncurrent Assets	<u>536,501</u>
Total Assets	<u>1,322,045</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	89,152
Accrued Payroll	11,849
Deposits Payable	101,359
Due to Other Funds	132,368
Current Portion of Long-Term Debt	<u>27,010</u>
Total Current Liabilities	<u>361,738</u>
Noncurrent Liabilities	
Compensated Absences Payable	21,149
Net Other Post-Employment Benefit Payable	<u>389,121</u>
Total Noncurrent Liabilities	<u>410,270</u>
Total Liabilities	<u>772,008</u>
<b>NET ASSETS</b>	
Invested in Capital Assets - Net of Related Debt	514,778
Unrestricted	<u>35,259</u>
Total Net Assets	<u><u>550,037</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund  
(Business-Type Activities) - Water Fund

Year Ended December 31, 2011

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Operating Revenues	
Charges for Services	\$ 2,525,688
Miscellaneous	2,696
Total Operating Revenues	<u>2,528,384</u>
Operating Expenses	
Operations	1,894,902
Depreciation	74,141
Total Operating Expenses	<u>1,969,043</u>
Operating Income	<u>559,341</u>
Nonoperating Revenues (Expenses)	
Interest Income	76
Interest and Fiscal Charges	(2,433)
	<u>(2,357)</u>
Income Before Transfers	556,984
Transfers Out	<u>(595,000)</u>
Change in Net Assets	(38,016)
Net Assets - Beginning	<u>588,053</u>
Net Assets - Ending	<u>550,037</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Cash Flows - Proprietary Fund (Business-Type Activities) - Water Fund  
Year Ended December 31, 2011

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 2,580,366
Payments to Employees	(726,887)
Payments to Suppliers	(1,043,661)
	<u>809,818</u>
Cash Flows from Noncapital Financing Activities	
Transfer Out	<u>(595,000)</u>
Cash Flows from Capital and Related Financing activities	
Principal on Capital Debt	(26,303)
Interest on Capital Debt	(2,433)
	<u>(28,736)</u>
Cash Flows from Investing Activities	
Interest Received	<u>76</u>
Net Change in Cash and Cash Equivalents	186,158
Cash and Cash Equivalents - Beginning	<u>367,924</u>
Cash and Cash Equivalents - Ending	<u><u>554,082</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>559,341</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	74,141
(Increase) Decrease in Current Assets	51,982
Increase (Decrease) in Current Liabilities	<u>124,354</u>
Net Cash Provided by Operating Activities	<u><u>809,818</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Fiduciary Net Assets - Fiduciary Funds  
December 31, 2011

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	Pension Trust <hr/> Police Pension	Agency Fund <hr/> SSA #5
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 416,543	-
Investments		
U.S. Government and Agency Securities	3,086,596	-
Annuities	2,327,271	
Mutual Funds	1,043,528	-
Accrued Interest	35,042	-
Due from Other Funds	<hr/> 306,141	23,600
Total Assets	7,215,121	23,600
<b>LIABILITIES</b>		
Due to Bondholders	<hr/> -	23,600
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits	<hr/> <hr/> 7,215,121	-

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SUMMIT, ILLINOIS

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds - Pension Trust Fund  
Year Ended December 31, 2011

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Additions	
Contributions - Employer	\$ 517,762
Contributions - Plan Members	<u>180,348</u>
Total Contributions	<u>698,110</u>
Investment Income	
Interest Earned	97,702
Net Change in Fair Value	<u>(67,048)</u>
	30,654
Less Investment Expenses	<u>(3,617)</u>
Net Investment Income	<u>27,037</u>
Total Additions	<u>725,147</u>
Deductions	
Administration	16,210
Benefits and Refunds	<u>880,587</u>
Total Deductions	<u>896,797</u>
Change in Net Assets	(171,650)
Net Plan Assets Held in Trust for Pension Benefits	
Net Assets - Beginning	<u>7,386,771</u>
Net Assets - Ending	<u>7,215,121</u>

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Summit, Illinois, was incorporated in 1890. The Village is a non home-rule municipality, under the 1970 Illinois Constitution, located in Cook County, Illinois. The Village operates under a President-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

### REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Summit
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 39, there are no component units included in the reporting entity.

### Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). 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 elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining 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 is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund.

This government-wide focus concentrates on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

**General fund** is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Governmental Funds – Continued

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one major and six nonmajor special revenue funds. The 63<sup>rd</sup> Street and Archer Avenue TIF Fund, a major fund, accounts for incremental real estate and sales tax revenues received from the Village's Tax Increment Financing District that are to be used for the debt service payments on bonds issued to provide redevelopment of sites and improve their contributions to the Village and its surrounding area. The 63<sup>rd</sup> Street and Archer Avenue TIF Fund reports property taxes as the major revenue source for the fund, which is restricted to community development programs administered by the Fund.

**Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village maintains one nonmajor debt service fund.

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains two nonmajor capital projects funds.

#### Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

**Enterprise funds** are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Water Fund, which is used to account for the operations of the water distribution system. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

**Pension trust funds** are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

**Agency funds** are used to account for assets held by the Village in a purely custodial capacity. The SSA #5 fund is used to account for assets held by the Village in a trustee capacity as an agent for individuals for future debt payment related to the Special Service Area.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Measurement Focus – Continued

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net assets.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

##### Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using 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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize 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.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Basis of Accounting – Continued

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 Village's enterprise funds, are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

#### ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

##### Cash and Investments

Cash and cash equivalents on the Statement of Net Assets are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

##### Restricted Cash and Investments

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants.

##### Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

**Interfund Receivables, Payables and Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	20 Years
Buildings	40 – 50 Years
Machinery and Equipment	5 – 20 Years
Vehicles	8 – 30 Years
Improvements Other than Buildings	30 Years
Waterworks and Reservoir System	70 Years

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Basis of Accounting – Continued

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 Village's enterprise funds, are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

#### ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

##### Cash and Investments

Cash and cash equivalents on the Statement of Net Assets are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

##### Restricted Cash and Investments

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants.

##### Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

**Interfund Receivables, Payables and Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	20 Years
Buildings	40 – 50 Years
Machinery and Equipment	5 – 20 Years
Vehicles	8 – 30 Years
Improvements Other than Buildings	30 Years
Waterworks and Reservoir System	70 Years

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

**Compensated Absences**

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Unearned/Deferred Revenue**

Governmental funds report unearned/deferred revenue in connection with receivables for revenues that are not considered to be available 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.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

##### Fund Equity

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

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 of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets—Consists of net assets with constraints placed on the 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 legislations.

Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

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 a 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. The Village budgets for all funds except the Police Pension Fund, the SSA #5 Capital Projects Fund, the Bond and Interest Fund, the 59th Street Fund TIF Fund, the Drug Fund, and the Community Development Fund.

The Village is authorized to change budgeted amounts within any fund; however, any 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 Administrator is authorized to transfer budget amounts between departments within any fund; however, the Village Board must approve revisions that alter the total expenditures of any fund.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued**

**EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General	\$ 1,106,065
Motor Fuel Tax	127,794

**DEFICIT FUND EQUITY**

The following funds had deficit fund equity as of the date of this report:

<u>Fund</u>	<u>Deficit</u>
General	\$ 562,095
63rd Place TIF	10,146

**DEPOSITS AND INVESTMENTS**

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, life insurance company contracts, money market mutual funds and common and preferred stocks.

## VILLAGE OF SUMMIT, ILLINOIS

### Notes to the Financial Statements December 31, 2011

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS – Continued

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets.

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

##### **Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$2,940,793 and the bank balances totaled \$3,096,574. In addition, the Village had \$114,976 invested in the Illinois Funds at year-end.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy seeks to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds in primarily short-term securities, money market mutual funds, or similar investment pools. The policy requires the Village's investment portfolio to be sufficiently liquid to enable the Village to meet all operating requirements as they come due. The Village's investment in the Illinois Funds has a maturity of less than one year.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued**

**EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
General	\$ 1,106,065
Motor Fuel Tax	127,794

**DEFICIT FUND EQUITY**

The following funds had deficit fund equity as of the date of this report:

<u>Fund</u>	<u>Deficit</u>
General	\$ 562,095
63rd Place TIF	10,146

**DEPOSITS AND INVESTMENTS**

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, life insurance company contracts, money market mutual funds and common and preferred stocks.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### DEPOSITS AND INVESTMENTS – Continued

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets.

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

#### **Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$2,940,793 and the bank balances totaled \$3,096,574. In addition, the Village had \$114,976 invested in the Illinois Funds at year-end.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy seeks to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds in primarily short-term securities, money market mutual funds, or similar investment pools. The policy requires the Village's investment portfolio to be sufficiently liquid to enable the Village to meet all operating requirements as they come due. The Village's investment in the Illinois Funds has a maturity of less than one year.

## VILLAGE OF SUMMIT, ILLINOIS

### Notes to the Financial Statements December 31, 2011

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Village's investment policy states that investments are to be limited to the safest types of securities. Additionally, the Village's investment in the Illinois Funds is rated AAAM by Standard & Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village investment policy does not address custodial credit risk for deposits. At year-end, \$1,029,026 of the Village's total bank balances were not fully collateralized or insured.

For an investment, this 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's investment policy does not specifically address custodial credit risk for investments. At year-end, the Village's investment in the Illinois Funds, managed by the Illinois State Treasurer, is noncategorizable.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy addresses this risk by limiting investments to avoid overconcentration in securities from a specific issuer, limiting investment in securities that have higher credit risks, investing in securities with varying maturities and continually investing a portion of the portfolio in readily available funds. At year-end, the Village does not have any investments that represent more than 5% of the total cash and investments portfolio.

#### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Police Pension Fund's deposits totaled \$416,543 and the bank balances totaled \$417,568.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Investments.* The fair value and maturities of the Fund’s investments at year-end are as follows:

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bonds	\$ 65,933	-	65,933	-	-
U.S. Treasury Notes	50,269	-	-	50,269	-
Federal Farm Credit Bureau	842,189	100,141	265,334	412,572	64,142
Federal National Mortgage Assoc.	830,558	101,982	500,180	228,396	-
Federal Home Loan Bank	950,625	132,777	380,048	437,800	-
Federal Home Loan Mortgage Corp	87,110	-	87,110	-	-
Farmer Mac	57,505	-	57,505	-	-
Tennessee Valley Authority	11,724	-	11,724	-	-
Financing Corp	50,601	-	-	50,601	-
International Bank for Reconstruction	93,696	-	59,114	34,582	-
Resolution Funding Corporation	28,149	-	-	28,149	-
Federal National Reserve	18,237	-	-	18,237	-
Annuities	2,327,271	2,327,271	-	-	-
Mutual Funds	1,043,528	1,043,528	-	-	-
	<u>6,457,395</u>	<u>3,705,699</u>	<u>1,426,948</u>	<u>1,260,606</u>	<u>64,142</u>

The Pension Fund assumes any callable securities will not be called.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund’s investment policy seeks to ensure preservation of capital in the Fund’s overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy requires the Fund’s investment portfolio to be sufficiently liquid to enable the Fund to meet all operating requirements as they come due.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund’s investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. The Fund’s investments in U.S. Agency securities were all rated AAA by Standard & Poor’s.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy for deposits requires the entire amount of the balance of the deposits with financial institutions to be covered by federal deposit insurance. The Fund's investment policy does not specifically address custodial credit risk for investments. At year-end, \$105,875 of the Fund's total bank balances were not fully collateralized or insured.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds are not subject to custodial credit risk disclosures. Consistent with the Fund's investment policy at year-end, the U.S. Government Securities are categorized as uninsured and unregistered for which the securities are held by the counterparty.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund investment policy "allows for diversity so as to not adversely affect the portfolio." At year-end, the Police Pension Fund had over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Genworth Retiready Extra VA of \$668,102, Pacific Life of \$560,789, and Prudential Premier B Series of \$581,591. Although agency investments represent a large portion of the portfolio, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

The Pension Board has diversified its equity mutual fund holdings as follows:

<u>Insurance Contracts</u>	<u>Fair Value</u>
AXA Equitable	\$ 380,756
GE Life Annuity	804,135
Pacific Life Annuity	560,789
Prudential Life Annuity	581,591
Total	<u>2,327,271</u>

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

**Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

The Pension Board has diversified its insurance contract holdings as follows:

<u>Equity Mutual Funds</u>	<u>Fair Value</u>
Allianceber Global Bond A	\$ 171,110
Allianceber High Income A	156,872
Bond Fund of America A	56,334
Fidel Avance Floating High Income C	19,782
Henderson Global Equity Income A	89,879
John Hancock Strategic Income C	48,754
JP Morgan Strategic Income A	42,304
Lord Abbett Bond A	129,763
Prudential Corporate Bond A	82,869
Virtus Multi-Sector	50,586
Virtus Senior Floating Rate A	<u>195,275</u>
Total	<u>1,043,528</u>

**PROPERTY TAXES**

Property taxes for 2011 attach as an enforceable lien on January 1, 2011, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1, 2012 and September 1, 2012. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 650,745	-	-	650,745
<b>Depreciable Capital Assets</b>				
Land Improvements	98,868	-	-	98,868
Buildings	1,241,481	-	-	1,241,481
Machinery and Equipment	1,958,915	-	-	1,958,915
Vehicles	2,607,521	230,584	135,000	2,703,105
	<u>5,906,785</u>	<u>230,584</u>	<u>135,000</u>	<u>6,002,369</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	49,678	4,424	-	54,102
Buildings	619,252	23,581	-	642,833
Machinery and Equipment	1,257,131	106,986	-	1,364,117
Vehicles	1,943,612	89,823	78,500	1,954,935
	<u>3,869,673</u>	<u>224,814</u>	<u>78,500</u>	<u>4,015,987</u>
<b>Total Net Depreciable Capital Assets</b>	<u>2,037,112</u>	<u>5,770</u>	<u>56,500</u>	<u>1,986,382</u>
<b>Total Net Capital Assets</b>	<u>2,687,857</u>	<u>5,770</u>	<u>56,500</u>	<u>2,637,127</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 8,052
Public Safety	164,078
Public Works	<u>52,684</u>
	<u>224,814</u>

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 17,117	-	-	17,117
Depreciable Capital Assets				
Buildings	40,116	-	-	40,116
Improvements Other than Buildings	778,917	-	-	778,917
Waterworks and Reservoir System	1,011,968	-	-	1,011,968
Machinery and Equipment	621,836	-	-	621,836
	<u>2,452,837</u>	-	-	<u>2,452,837</u>
Less Accumulated Depreciation				
Buildings	16,867	494	-	17,361
Improvements Other than Buildings	533,580	15,518	-	549,098
Waterworks and Reservoir System	873,180	22,342	-	895,522
Machinery and Equipment	435,685	35,787	-	471,472
	<u>1,859,312</u>	<u>74,141</u>	-	<u>1,933,453</u>
Total Net Depreciable Capital Assets	<u>593,525</u>	<u>(74,141)</u>	-	<u>519,384</u>
Total Net Capital Assets	<u>610,642</u>	<u>(74,141)</u>	-	<u>536,501</u>

Depreciation expense was charged to business-type activities as follows:

Water	<u>\$ 74,141</u>
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**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Balances**

The composition of interfund balances as of the date of this report, are as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 132,368
General	Nonmajor Governmental	318
63rd Street and Archer Avenue TIF	General	1,116,672
63rd Street and Archer Avenue TIF	Nonmajor Governmental	17,625
Police Pension	General	306,141
SSA #5	Nonmajor Governmental	23,600
		<u>1,596,724</u>

Interfund balances are advances in anticipation of receipts.

**Interfund Transfers**

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	63rd Street and Archer Avenue TIF	\$ 45,000
General	Nonmajor Governmental	123,991
General	Water	595,000
Nonmajor Governmental	63rd Street and Archer Avenue TIF	150,000
		<u>913,991</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

SHORT-TERM DEBT

Tax Anticipation Warrants

The Village issues tax anticipation warrants to finance operations. Tax anticipation warrants currently outstanding are as follows:

<u>Issue</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
\$500,000 General Obligation Tax Anticipation Warrants of 2009, due in one installment of \$500,000 plus interest of 3.8% through December 31, 2011.	\$ 500,000	-	500,000	-

LONG-TERM DEBT

Notes Payable

The Village enters into notes payable to provide funds for acquisition of capital assets. Notes payable have been issued for the business-type activities. Notes payable are direct obligations and pledge the full faith and credit of the Village. Notes payable currently outstanding are as follows:

<u>Issue</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
\$99,200 Notes Payable of 2007, due in annual installments of \$18,043 to \$21,723 plus interest at a rate of 4.75% through December 18, 2012.	\$ 42,461	-	20,738	21,723

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**General Obligation/Alternate Revenue Bonds/Notes**

The Village issues general obligation/alternate revenue bonds/notes to provide funds for the acquisition and construction of major capital facilities. General obligation/alternate revenue bonds/notes are direct obligations and pledge the full faith and credit of the Village. General obligation/alternate revenue bonds/notes currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$700,000 General Obligation Bonds of 2004, due in annual installments of \$13,000 to \$110,000 plus interest at a rate of 3.40% through December 1, 2012.	\$ 123,000	-	110,000	13,000
\$400,000 General Obligation (Alternate Revenue) Bonds of 2007, due in annual installments of \$60,000 to \$74,000 plus interest at a rate of 5.75% through October 1, 2013.	213,000	-	68,000	145,000
\$500,000 General Obligation (Senior Lien) Note of 2011, due in monthly installments of \$9,666 including interest at a rate of 6.00% through June 1, 2016.	-	500,000	42,418	457,582
	<u>336,000</u>	<u>500,000</u>	<u>220,418</u>	<u>615,582</u>

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Capital Leases Payable

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

Year Ending December 31	Governmental Activities
2012	\$ 92,196
2013	82,193
2014	82,198
2015	82,197
2016	<u>45,210</u>
	383,994
Interest Portion	<u>(41,697)</u>
Principal Balance	<u><u>342,297</u></u>

The Village has entered into four separate lease agreements as lessee for financing the acquisition of E911 telephone system, street sweeper, crane truck and ambulance. Capital assets of \$145,079 have been added to machinery and equipment in the E911 Fund, \$170,000 and \$159,114 have been added to vehicles in the General Fund, and \$24,000 was added to vehicles in the Motor Fuel Tax Fund. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 273,133	8,909	17,818	264,224	52,845
Net Pension Obligation	50,420	49,501	-	99,921	-
Net Other Post-Employment Benefit Plan	2,135,679	1,225,991	-	3,361,670	-
General Obligation Bonds	336,000	500,000	220,418	615,582	173,477
Capital Leases	253,541	159,114	70,358	342,297	76,553
	<u>3,048,773</u>	<u>1,943,515</u>	<u>308,594</u>	<u>4,683,694</u>	<u>302,875</u>
<b>Business-Type Activities</b>					
Compensated Absences	33,892	7,456	14,912	26,436	5,287
Net Other Post-Employment Benefit Plan	247,321	141,800	-	389,121	-
Notes Payable	42,461	-	20,738	21,723	21,723
Capital Leases	5,565	-	5,565	-	-
	<u>329,239</u>	<u>149,256</u>	<u>41,215</u>	<u>437,280</u>	<u>27,010</u>

Compensated absences and the net other post-employment benefit plan are generally liquidated by the General and Water Funds. Payments on the general obligation bonds and capital leases are made by the General, Debt Service, Capital Projects and Water Funds. The Water Fund makes payments on the notes payable.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending Dec. 31	Governmental Activities		Business-Type Activities	
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2012	\$ 173,477	38,394	21,723	1,032
2013	170,040	27,307	-	-
2014	103,086	16,005	-	-
2015	110,648	8,443	-	-
2016	58,331	1,214	-	-
<b>Total</b>	<b>615,582</b>	<b>91,363</b>	<b>21,723</b>	<b>1,032</b>

**Non-Commitment Debt - Special Assessment Vouchers**

As of December 31, 2011, the Village had special assessment vouchers payable outstanding for assessment number 106 in the amount of \$11,000 at 9.00% and for assessment number 107 in the amount of \$4,200 at 8.00%. Although the vouchers have no due date they are to be paid over a ten year period from special assessment collections. At December 31, 2011, there were insufficient funds available in the special assessment accounts to pay the vouchers. As the Village has no legal obligation to use other resources to retire the debt, they are not recorded as long-term liability.

As of December 31, 2011, the Village had special assessment vouchers payable outstanding for assessment number 5 in the amount of \$211,935 at 6.50%. The vouchers are due in annual installment with a final maturity on December 23, 2018. At December 31, 2011 there were insufficient funds available in the special assessment accounts to pay the vouchers. As the Village has no legal obligation to use other resources to retire the debt, they are not recorded as long-term liability.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements  
December 31, 2011

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NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2010	<u>\$ 197,356,044</u>
Legal Debt Limit - 8.625% of Assessed Value	17,021,959
Amount of Debt Applicable to Limit	
General Obligation Bonds	<u>(615,582)</u>
Legal Debt Margin	<u>16,406,377</u>

FUND BALANCE/NET ASSETS

Fund Balance/Net Assets Classifications

Invested in capital assets – net of related debt, was comprised of the following as of December 31, 2011:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,637,127
Less Capital Related Debt:	
General Obligation Bonds	(615,582)
Capital Leases Payable	<u>(342,297)</u>
Investment in Capital Assets - Net of Related Debt	<u>1,679,248</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	536,501
Less Capital Related Debt:	
Notes Payable	<u>(21,723)</u>
Investment in Capital Assets - Net of Related Debt	<u>514,778</u>

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE/NET ASSETS – Continued**

**Fund Balance/Net Assets Classifications**

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	63rd Street and Archer Avenue TIF	Nonmajor Funds	Total
Restricted				
Public Safety	\$ -	-	535,548	535,548
Community Development	-	2,455,142	107,993	2,563,135
Highways and Streets	-	-	14,842	14,842
Debt Service	-	-	154,626	154,626
Total Restricted	-	2,455,142	813,009	3,268,151
Unassigned	(562,095)	-	(10,146)	(572,241)
Total Fund Balances	(562,095)	2,455,142	802,863	2,695,910

In the governmental fund financial statements, the Village first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance.

**Fund Balance/Net Assets Restatement**

The Village has restated its financial statements for the SSA #5 – Capital Projects Fund and SSA #5 – Agency Fund and governmental activities due to errors in recognition of liabilities relating to the SSA #5. The following is a summary of the balances as originally reported and as restated:

Fund Balance/Net Assets	As Reported	As Restated	(Decrease)
SSA #5 - Capital Projects Fund	\$ 4,717	38,451	33,734
SSA #5 - Agency Fund	57,334	23,600	(33,734)
Governmental Activities	2,307,538	2,341,272	33,734

## VILLAGE OF SUMMIT, ILLINOIS

### Notes to the Financial Statements December 31, 2011

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#### NOTE 4 – OTHER INFORMATION

##### RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks are provided for through insurance from private insurance companies.

The Village currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverage's from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

##### CONTINGENT LIABILITIES

###### Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

###### Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

##### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, The Illinois Municipal Retirement Fund (IMRF) and the Sheriff's Law Enforcement Program (SLEP), which are both defined benefit agent multiple-employer public employee retirement systems administered by the IMRF and the Police Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and may be obtained by writing to the Village at 7321 W. 59<sup>th</sup> Street, Summit, IL 60501. IMRF and SLEP issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

## VILLAGE OF SUMMIT, ILLINOIS

### Notes to the Financial Statements December 31, 2011

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Plan Descriptions, Provisions and Funding Policies

##### Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution rate for 2011 used by the employer was 9.39 percent and annual required contribution rate for calendar year 2011 was 11.83 percent.

##### Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Program (SLEP), having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earning rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits.

These benefit provisions and all other requirements are established by State statutes. SLEP members are required to contribute 7.50% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution rate for 2011 used by the employer was 15.25 percent and annual required contribution rate for calendar year 2011 was 18.17 percent.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Plan Descriptions, Provisions and Funding Policies – Continued**

**Police Pension Plan**

The Police Pension Plan is a single-employer defined benefit pension plan that covers all full-time sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

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

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	22
Current Employees Vested and Nonvested	<u>28</u>
	<u>50</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held 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. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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 be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

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 City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

#### Summary of Significant Accounting Policies and Plan Asset Matters

##### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

##### Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

##### Significant Investments

At year-end, the Police Pension Fund had over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Genworth Retiready Extra VA of \$668,102, Pacific Life of \$560,789, and Prudential Premier B Series of \$581,591.

##### Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Annual Pension Cost and Net Pension Obligation**

For Police Pension Plan, the net pension obligation and its components cannot be determined because the actuarial valuation as performed does not include a net pension obligation component. For this reason, a qualified opinion with regards to the net pension obligation and its components has been issued. The amount of the pension liability for the IMRF and SLEP plans are as follows:

	<u>IMRF</u>	<u>SLEP</u>	<u>Total</u>
Annual Required Contribution	\$ 201,915	17,487	219,402
Interest on the NPO	3,782	287	4,069
Adjustment to the ARC	<u>(2,703)</u>	<u>3,679</u>	<u>976</u>
Annual Pension Cost	202,994	21,453	224,447
Actual Contribution	<u>(160,269)</u>	<u>(14,677)</u>	<u>(174,946)</u>
Increase (Decrease) in the NPO	42,725	6,776	49,501
NPO Beginning of Year	<u>50,420</u>	-	<u>50,420</u>
NPO End of Year	<u>93,145</u>	<u>6,776</u>	<u>99,921</u>

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Annual Pension Cost and Net Pension Obligation – Continued**

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

	Illinois Municipal Retirement	Sheriff's Law Enforcement Program	Police Pension
Contribution Rates			
Employer	9.39%	15.25%	61.40%
Employee	4.50%	7.50%	9.91%
Actuarial Valuation Date	12/31/2011	12/31/2011	12/31/2010
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30	30	23 Years
Asset Valuation Method	5-Year Smoothed Market	5-Year Smoothed Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	0.4% to 10.0%	0.4% to 10.0%	5.50%
Inflation Rate Included	4.00%	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Trend Information**

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Fiscal Year	Illinois Municipal Retirement	Sheriff's Law Enforcement Program	Police Pension
Annual Pension Cost (APC)	2009	\$ 128,808	\$ -	\$ 838,340
	2010	197,378	17,440	839,451
	2011	202,994	21,453	1,486,169
Actual Contributions	2009	\$ 130,423	\$ -	\$ 576,023
	2010	128,808	17,440	501,600
	2011	160,269	14,677	517,762
Percentage of APC Contributed	2009	101.25%	0.00%	68.71%
	2010	65.26%	100.00%	59.75%
	2011	78.95%	68.41%	34.84%
Net Pension Obligation	2009	\$ -	\$ -	\$ *
	2010	50,420	-	*
	2011	93,145	6,776	*

\*Information for these years is not available.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Funded Status and Funding Progress**

The Village’s funded status for the current year and related information for the each plan is as follows:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Program	Police Pension
Actuarial Valuation Date	12/31/2011	12/31/2011	12/31/2010
Percent Funded	77.99%	39.72%	31.59%
Accuarial Accrued Liability for Benefits	\$5,248,039	\$189,091	\$23,361,302
Actuarial Value of Assets	\$4,093,055	\$75,110	\$7,379,163
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$1,154,984)	(\$113,981)	(\$15,982,139)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$1,706,806	\$96,242	\$2,320,335
Ratio of UAAL to Covered Payroll	67.67%	118.43%	688.79%

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

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS

##### Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund.

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the Village's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending December 31, 2011, retirees did not contribute anything to the plan. Active employees do not contribute to the post-employment health insurance or alternate OPEB plan until retirement.

At December 31, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	37
Active Employees	<u>52</u>
Total	<u>89</u>
Participating Employers	1

The Village does not currently have a funding policy for the implicit cost of OPEB.

**VILLAGE OF SUMMIT, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2011**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation (NOPEBO) as of December 31, 2011, was actuarially calculated as follows:

Annual Required Contribution	\$ 1,980,844
Interest on the NOPEBO	119,150
Adjustment to the ARC	<u>(59,575)</u>
Annual OPEB Cost	2,040,419
Actual Contribution	<u>672,628</u>
Increase in the NOPEBO	1,367,791
NOPEBO - Beginning of Year	<u>2,383,000</u>
NOPEBO - End of Year	<u><u>3,750,791</u></u>

**Trend Information**

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 1,714,126	\$ 582,059	33.96%	\$ 1,132,067
2010	1,879,557	628,624	33.45%	2,383,000
2011	2,040,419	672,628	32.97%	3,750,791

# VILLAGE OF SUMMIT, ILLINOIS

## Notes to the Financial Statements December 31, 2011

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Funded Status and Funding Progress

The funded status of the plan as of December 31, 2009, the date of the latest actuarial valuation, was as follows:

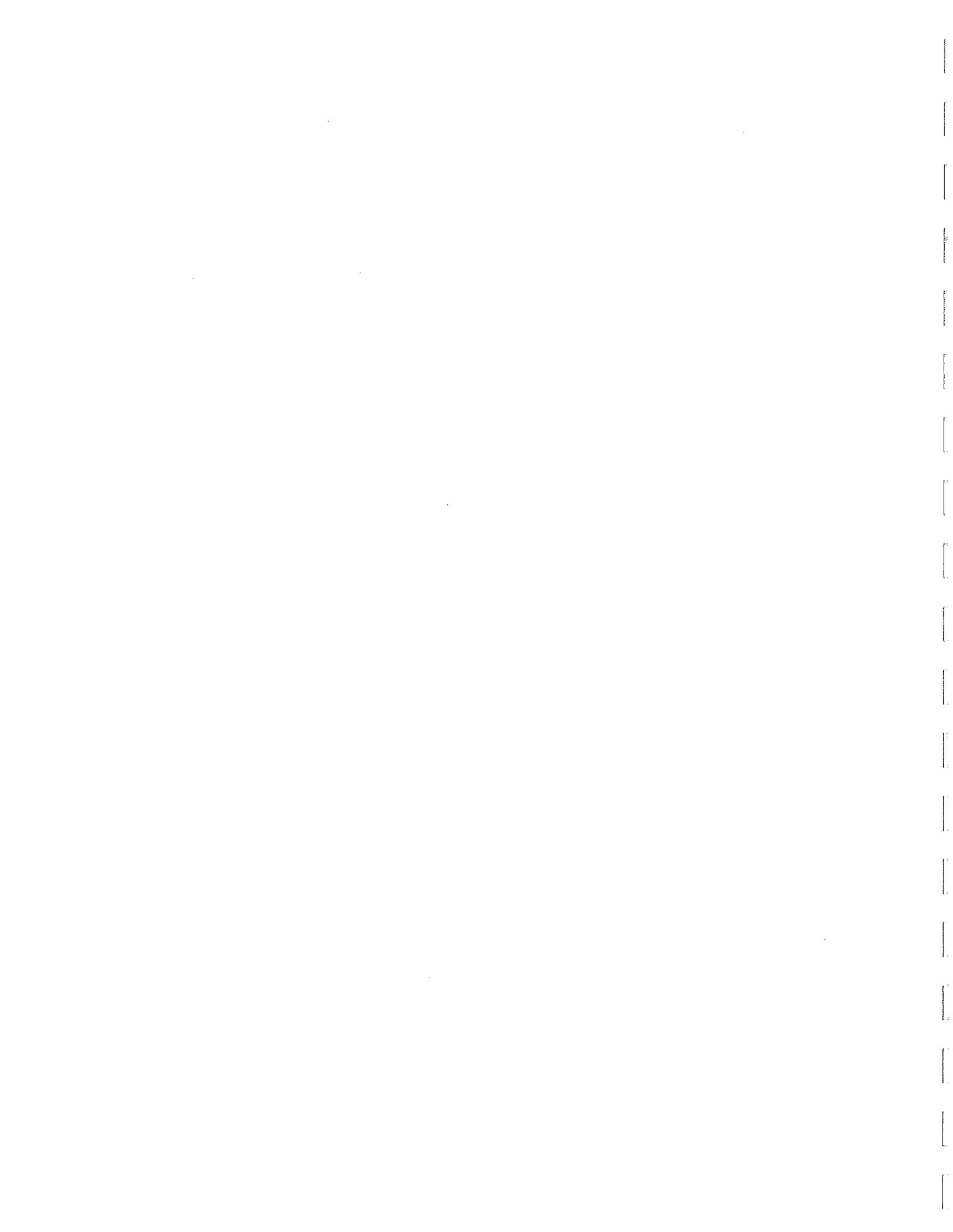
Actuarial Accrued Liability (AAL)	\$ 18,975,326
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	18,975,326
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	3,999,847
UAAL as a Percentage of Covered Payroll	474.40%

Actuarial valuations of an ongoing plan involve estimates of 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 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.

##### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial 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, 2009 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of a 2.5% inflation assumption), and an annual initial healthcare cost trend rate of 9.0%, with an ultimate rate of 5.0%. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011, was 28 years.



**VILLAGE OF SUMMIT, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
December 31, 2011**

**Schedule of Funding Progress**

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ 4,061,495	\$ 3,860,800	105.20%	\$ (200,695)	\$ 1,596,635	(12.57)%
2007	4,602,187	4,265,369	107.90%	(336,818)	1,629,885	(20.67)%
2008	3,772,778	4,650,741	81.12%	877,963	1,707,104	51.43%
2009	3,952,742	5,063,944	78.06%	1,111,202	1,804,040	61.60%
2010	3,796,113	4,954,865	76.61%	1,158,752	1,720,822	67.34%
2011	4,093,055	5,248,039	77.99%	1,154,984	1,706,806	67.67%

**Employer Contributions**

Fiscal Year Ended December 31	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ 121,664	\$ 121,664	100.00%
2007	127,946	127,946	100.00%
2008	130,423	130,423	100.00%
2009	128,808	128,808	100.00%
2010	146,958	197,378	74.46%
2011	160,269	201,915	79.37%

N/A - Not Available

**VILLAGE OF SUMMIT, ILLINOIS**

**Sheriff's Law Enforcement Program**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
December 31, 2011**

**Funding Progress**

Actuarial Valuation Date Dec. 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ -	\$ -	0.00%	\$ -	\$ -	N/A
2007	-	-	0.00%	-	-	N/A
2008	-	-	0.00%	-	-	N/A
2009	-	-	0.00%	-	-	N/A
2010	52,347	156,857	33.37%	104,510	98,256	106.37%
2011	75,110	189,091	39.72%	113,981	96,242	118.43%

**Employer Contributions**

Fiscal Year Ended December 31	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ -	\$ -	100.00%
2007	-	-	100.00%
2008	-	-	100.00%
2009	-	-	100.00%
2010	13,618	17,440	78.08%
2011	14,677	17,487	83.93%

VILLAGE OF SUMMIT, ILLINOIS

Police Pension Fund

Required Supplementary Information  
 Schedule of Funding Progress and Employer Contributions  
 December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
2005	\$ 6,956,895	\$ 17,371,478	40.05%	\$ 10,414,583	\$ 1,900,148	548.09%
2006	7,441,003	18,094,109	41.12%	10,653,106	1,839,302	579.19%
2007	7,853,602	19,525,172	40.22%	11,671,570	2,691,065	433.72%
2008	6,643,359	21,253,580	31.26%	14,610,221	2,290,184	637.95%
2009	7,247,737	23,916,044	30.30%	16,668,307	2,320,336	718.36%
2010	7,379,163	23,361,302	31.59%	15,982,139	2,320,335	688.79%

Employer Contributions

Fiscal Year Ended December 31	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ N/A	\$ N/A	N/A
2007	485,853	816,835	59.48%
2008	562,017	769,992	72.99%
2009	576,023	838,340	68.71%
2010	501,600	839,451	59.75%
2011	517,762	1,486,169	34.84%

N/A - Not Available

**VILLAGE OF SUMMIT, ILLINOIS**

**Other Post-Employment Benefit Plan**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
December 31, 2011**

**Schedule of Funding Progress**

Actuarial Valuation Date December 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	-	18,975,326	0.00%	18,975,326	3,999,847	474.40%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A

**Employer Contributions**

Fiscal Year Ended December 31	Employer Contributions	Annual Required Contributions	Percent Contributed
2006	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	582,059	1,714,126	33.96%
2010	628,624	1,851,256	33.96%
2011	672,628	1,980,844	33.96%

The Village implemented GASB Statement No. 45 for the fiscal year ended December 31, 2009. Information for prior years is not available. The Village is required to have an actuarial valuation performed triennially.

**VILLAGE OF SUMMIT, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
December 31, 2011**

**Schedule of Funding Progress**

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2005	\$ 6,956,895	\$ 17,371,478	40.05%	\$ 10,414,583	\$ 1,900,148	548.09%
2006	7,441,003	18,094,109	41.12%	10,653,106	1,839,302	579.19%
2007	7,853,602	19,525,172	40.22%	11,671,570	2,691,065	433.72%
2008	6,643,359	21,253,580	31.26%	14,610,221	2,290,184	637.95%
2009	7,247,737	23,916,044	30.30%	16,668,307	2,320,336	718.36%
2010	7,379,163	23,361,302	31.59%	15,982,139	2,320,335	688.79%

**Employer Contributions**

Fiscal Year Ended December 31	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ N/A	\$ N/A	N/A
2007	485,853	816,835	59.48%
2008	562,017	769,992	72.99%
2009	576,023	838,340	68.71%
2010	501,600	839,451	59.75%
2011	517,762	1,486,169	34.84%

N/A - Not Available

**VILLAGE OF SUMMIT, ILLINOIS**

**Other Post-Employment Benefit Plan**

**Required Supplementary Information**

**Schedule of Funding Progress and Employer Contributions**

**December 31, 2011**

**Schedule of Funding Progress**

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
December 31						
2006	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	-	18,975,326	0.00%	18,975,326	3,999,847	474.40%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A

**Employer Contributions**

Fiscal Year Ended	Employer Contributions	Annual Required Contributions	Percent Contributed
December 31			
2006	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	582,059	1,714,126	33.96%
2010	628,624	1,851,256	33.96%
2011	672,628	1,980,844	33.96%

The Village implemented GASB Statement No. 45 for the fiscal year ended December 31, 2009. Information for prior years is not available. The Village is required to have an actuarial valuation performed triennially.

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 4,821,000	4,821,000	5,163,025
Intergovernmental	1,217,000	1,217,000	1,443,481
Charges for Services	107,000	107,000	113,123
Licenses and Permits	1,047,450	1,047,450	1,050,367
Fines and Forfeits	404,000	404,000	690,568
Interest	1,500	1,500	359
Miscellaneous	289,860	289,860	139,927
Total Revenues	<u>7,887,810</u>	<u>7,887,810</u>	<u>8,600,850</u>
<b>Expenditures</b>			
Current			
General Government	3,626,787	3,626,787	4,108,589
Public Safety	4,257,978	4,257,978	4,676,939
Public Works	821,723	821,723	737,412
Community Development	246,465	246,465	215,594
Capital Outlay	2,000	2,000	230,639
Debt Service			
Principal Retirement	-	-	76,023
Interest and Fiscal Charges	15,000	15,000	30,822
Total Expenditures	<u>8,969,953</u>	<u>8,969,953</u>	<u>10,076,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,082,143)</u>	<u>(1,082,143)</u>	<u>(1,475,168)</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	15,000	15,000	10,867
Issuance of Debt	-	-	659,114
Transfers In	565,000	565,000	763,991
Transfers Out	(12,000)	(12,000)	-
	<u>568,000</u>	<u>568,000</u>	<u>1,433,972</u>
Net Change in Fund Balance	<u>(514,143)</u>	<u>(514,143)</u>	(41,196)
Fund Balance - Beginning			<u>(520,899)</u>
Fund Balance - Ending			<u>(562,095)</u>

VILLAGE OF SUMMIT, ILLINOIS

63rd Street and Archer Avenue TIF - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,100,000	1,100,000	1,061,075
Interest	1,700	1,700	2,279
Total Revenues	<u>1,101,700</u>	<u>1,101,700</u>	<u>1,063,354</u>
Expenditures			
Community Development			
Administrative Fees	35,000	35,000	-
Legal Fees	50,000	50,000	34,791
Development Costs	1,000,000	1,000,000	655,653
Total Expenditures	<u>1,085,000</u>	<u>1,085,000</u>	<u>690,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,700	16,700	372,910
Other Financing (Uses)			
Transfers Out	-	-	(195,000)
Net Change in Fund Balance	<u>16,700</u>	<u>16,700</u>	177,910
Fund Balance - Beginning			<u>2,277,232</u>
Fund Balance - Ending			<u>2,455,142</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – General Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Fund
- Statement of Changes in Assets and Liabilities – Agency Fund

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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## **SPECIAL REVENUE FUNDS**

To account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

### **63<sup>rd</sup> Street and Archer Avenue TIF Fund**

The 63<sup>rd</sup> Street and Archer Avenue TIF Fund is used to account for incremental real estate and sales tax revenues received from the Village's Tax Increment Financing District that are to be used for the debt service payments on bonds issued to provide redevelopment of sites and improve their contributions to the Village and its surrounding area.

### **Community Development Fund**

The Community Development Fund is used to account for Revenues received as part of the Community Development Block Grant.

### **Drug Fund**

The Drug Fund is used to account for revenues and expenses related to Asset Forfeitures received from Drug seizures.

### **911 ETS Fund**

The 911 ETS Fund is used to account for revenues and expenses related to the maintaining of an emergency communication board.

### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account funds received from the State of Illinois Motor Fuel Tax to be used for operating and maintaining local streets and roads.

### **63<sup>rd</sup> Place TIF Fund**

The 63<sup>rd</sup> Place TIF Fund is used to account for the revenues and expenses related to the construction and debt related to the 63<sup>rd</sup> Place Development.

### **59<sup>th</sup> Street TIF Fund**

The 59<sup>th</sup> Street TIF Fund is used to account for the revenues and expenses related to the construction and debt related to the 59<sup>th</sup> Street Development.

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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **DEBT SERVICE FUND**

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### **Bond and Interest Fund**

Bond and Interest Fund is used to account for revenues and expenses related to the General Obligation Bonds issued by the Village.

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## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary and Trust Funds.

### **Special Service Area #5 (SSA #5) Fund**

The SSA #5 Fund is used to account for the revenues and expenses related to the construction and debt service related to the Special Service Area.

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## **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

### **Water Fund**

The Water Fund is used to account for the operations of the water distribution system. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUND**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. The fund does not account for the administrative costs of the system, which are borne by the General Fund. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

### **AGENCY FUND**

#### **SSA #5 Fund**

The SSA #5 Fund is used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations and /or other governmental units.

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes			
General	\$ 2,200,000	2,200,000	2,369,632
Road and Bridge	30,000	30,000	30,500
Police Pension	525,000	525,000	497,941
Other			
Sales	975,000	975,000	1,183,122
Local Use	140,000	140,000	158,329
Utility Taxes	548,905	548,905	529,234
Telecommunication Taxes	375,000	375,000	372,956
Other Taxes	27,095	27,095	21,311
	<u>4,821,000</u>	<u>4,821,000</u>	<u>5,163,025</u>
<b>Intergovernmental</b>			
Illinois State Income Tax	900,000	900,000	859,748
Illinois State Replacement Tax	140,000	140,000	156,336
Federal Grants	157,000	157,000	416,894
State Grants	20,000	20,000	10,503
	<u>1,217,000</u>	<u>1,217,000</u>	<u>1,443,481</u>
<b>Charges for Services</b>			
Commuter Parking	12,000	12,000	13,938
Security	20,000	20,000	23,020
Franchise Fees	75,000	75,000	76,165
	<u>107,000</u>	<u>107,000</u>	<u>113,123</u>
<b>Licenses and Permits</b>			
Licenses, Permits and Fees	382,450	382,450	431,262
Ambulance Fees	175,000	175,000	158,159
Sanitation Fees	490,000	490,000	460,946
	<u>1,047,450</u>	<u>1,047,450</u>	<u>1,050,367</u>
<b>Fines and Forfeits</b>			
Court Fines	96,000	96,000	117,345
Traffic Violations	250,000	250,000	288,710
Accident Reports	4,000	4,000	2,133

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Fines and Forfeits - Continued			
Damage to Village Property	\$ -	-	17,380
Administrative Towing Fees	54,000	54,000	265,000
	<u>404,000</u>	<u>404,000</u>	<u>690,568</u>
Interest			
Investment Income	1,500	1,500	359
Miscellaneous			
Reimbursements	250,000	250,000	85,837
Other	39,860	39,860	54,090
	<u>289,860</u>	<u>289,860</u>	<u>139,927</u>
 Total Revenues	 <u>7,887,810</u>	 <u>7,887,810</u>	 <u>8,600,850</u>

VILLAGE OF SUMMITT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
<b>General Government</b>			
Village President	\$ 25,450	25,450	25,267
Village Board	186,867	186,867	230,950
Village Clerk	73,429	73,429	70,583
Village Collector	7,500	7,500	6,990
Village Administrator	70,640	70,640	72,929
Community Services	7,660	7,660	5,069
Electricity	10,000	10,000	2,600
Telephone	30,000	30,000	24,702
Postage Meter	15,000	15,000	19,517
Legal	266,500	266,500	222,922
Treasurer	6,700	6,700	5,202
Health and Liquor	6,300	6,300	5,487
Municipal Retirement	-	-	427,227
Fire and Police Commission	1,750	1,750	12,664
Zoning Board	1,800	1,800	-
Municipal Building	93,000	93,000	67,038
Public Liability Insurance	2,811,491	2,811,491	2,864,458
Enterprise Zone	5,600	5,600	5,642
Office Supplies	100	100	-
TIF Sales Tax	1,000	1,000	-
Police Pension Reimbursement	-	-	19,821
Library Reimbursement	6,000	6,000	19,521
<b>Total General Government</b>	<b>3,626,787</b>	<b>3,626,787</b>	<b>4,108,589</b>
<b>Public Safety</b>			
<b>Police Department</b>			
Salaries	2,573,379	2,573,379	2,922,052
Office Supplies	8,000	8,000	7,338
Contribution to Police Pension Fund	525,000	525,000	497,941
Uniform Allowance	43,000	43,000	28,898
Municipal Systems	40,000	40,000	51,238
Computer Software	1,500	1,500	1,547
Conference Expenditures	250	250	-
Training and Schooling	2,000	2,000	2,000
Gas and Oil	90,000	90,000	127,092
Vehicle Maintenance	35,000	35,000	55,640
Weapons and Ammunition	100	100	(362)

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Legal Notices	\$ 150	150	-
Alerts and Alecs Communication System	15,000	15,000	10,951
Maintenance Communication System	5,000	5,000	4,500
Livescan Equipment	700	700	-
Purchase of Radio Equipment	500	500	288
Purchase/Lease of New Cars	1,000	1,000	
Medical Supplies	250	250	297
Cellular Phones	4,000	4,000	3,861
Professional Dues and Periodicals	1,000	1,000	685
Operating Supplies	10,000	10,000	9,087
Body Armor	500	500	-
Traffic Court Refund	2,000	2,000	2,925
Contingent Expenditures	3,000	3,000	38,277
Prisoner Meals	1,200	1,200	1,217
Animal Hospital	1,100	1,100	1,348
Copiers	6,000	6,000	3,999
Educational Reimbursement	15,000	15,000	23,150
Vehicle Equipment	1,500	1,500	-
TRT Equipment	2,000	2,000	1,250
	<u>3,388,129</u>	<u>3,388,129</u>	<u>3,795,219</u>
Fire Department			
Salaries	57,138	57,138	56,842
Fire Runs	250,000	250,000	256,746
Fire Call Back	-	-	16,165
Fire Prevention Material	1,500	1,500	735
Fire Fighting Supplies	12,000	12,000	6,133
Uniform Expenditures	3,000	3,000	3,152
Equipment - Containment	8,000	8,000	8,816
Pagers/Cell Phones	3,000	3,000	1,605
Gas and Oil	14,000	14,000	17,146
Fire Apparatus Maintenance	20,000	20,000	25,429
Equipment Lease Purchase	6,000	6,000	1,875
Dues and Professional Materials	3,200	3,200	441
Office Supply	2,200	2,200	1,940
Computer Expenditures	1,000	1,000	598
Conference Expenditures	250	250	1,063

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Training Expenditures	\$ 3,000	3,000	338
Miscellaneous Expenditures	3,000	3,000	725
	<u>387,288</u>	<u>387,288</u>	<u>399,749</u>
Ambulance			
Salaries	422,861	422,861	429,027
Health Services	1,200	1,200	-
Medical Supplies	6,000	6,000	26,029
Uniform Expenditures	3,000	3,000	2,007
Training	1,200	1,200	-
Dues	300	300	-
Gas and Oil	8,000	8,000	7,008
Vehicle Maintenance	8,000	8,000	10,321
Office Supplies	500	500	-
Purchase of Equipment	27,000	27,000	5,489
Cellular Phones	3,000	3,000	1,634
Computer Expenditures	500	500	157
Miscellaneous	1,000	1,000	299
	<u>482,561</u>	<u>482,561</u>	<u>481,971</u>
Total Public Safety	<u>4,257,978</u>	<u>4,257,978</u>	<u>4,676,939</u>
Public Works			
Streets, Bridges and Alleys			
Salaries	176,793	176,793	160,365
Medical Testing	1,360	1,360	52
Equipment Maintenance and Supplies	11,000	11,000	10,741
Operating Supplies	3,000	3,000	101
Gasoline and Oil	45,000	45,000	33,829
Repairs, Operation and Maintenance	10,000	10,000	8,363
Purchase of Equipment	15,000	15,000	6,329
Contingent Expenditures	1,100	1,100	1,481
Vermin Control	2,500	2,500	2,232
Forestry Program	500	500	-
Uniforms	3,000	3,000	1,856

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Public Works - Continued			
Streets, Bridges and Alleys - Continued			
Sewer Maintenance	\$ 8,000	8,000	3,840
Storage Yard Rental	2,765	2,765	2,765
	<u>280,018</u>	<u>280,018</u>	<u>231,954</u>
Building Inspector			
Salaries	54,797	54,797	55,038
Phones	2,500	2,500	1,332
Office Equipment and Supplies	1,000	1,000	569
Inspection Expenditures	7,500	7,500	5,880
Community Service Officer	25,958	25,958	7,875
Computer Expenditures	500	500	79
Seminar	250	250	-
Demolition	3,000	3,000	1,713
Dues and Subscriptions	500	500	102
Auto Expenditures	1,200	1,200	781
Contingent	500	500	74
	<u>97,705</u>	<u>97,705</u>	<u>73,443</u>
Garbage Department			
Dumping	444,000	444,000	432,015
	<u>444,000</u>	<u>444,000</u>	<u>432,015</u>
Total Public Works	<u>821,723</u>	<u>821,723</u>	<u>737,412</u>
Community Development			
Community Development			
Salaries	53,965	53,965	48,310
Legal Notices	2,000	2,000	1,707
Office Supplies	300	300	58
Travel and Mileage	100	100	29
Conferences and Seminars	100	100	49
Contingency Expenditures	200	200	-
Publication and Dues	200	200	-
Engineering	10,000	10,000	2,604
Village Match for CDBG Grant Expenditures	20,000	20,000	60,354
Court Reporter	2,500	2,500	1,030
Computer Expenditures	100	100	-
	<u>89,465</u>	<u>89,465</u>	<u>114,141</u>

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
<b>Public Safety - Continued</b>			
<b>Fire Department - Continued</b>			
Training Expenditures	\$ 3,000	3,000	338
Miscellaneous Expenditures	3,000	3,000	725
	<u>387,288</u>	<u>387,288</u>	<u>399,749</u>
<b>Ambulance</b>			
Salaries	422,861	422,861	429,027
Health Services	1,200	1,200	-
Medical Supplies	6,000	6,000	26,029
Uniform Expenditures	3,000	3,000	2,007
Training	1,200	1,200	-
Dues	300	300	-
Gas and Oil	8,000	8,000	7,008
Vehicle Maintenance	8,000	8,000	10,321
Office Supplies	500	500	-
Purchase of Equipment	27,000	27,000	5,489
Cellular Phones	3,000	3,000	1,634
Computer Expenditures	500	500	157
Miscellaneous	1,000	1,000	299
	<u>482,561</u>	<u>482,561</u>	<u>481,971</u>
<b>Total Public Safety</b>	<u>4,257,978</u>	<u>4,257,978</u>	<u>4,676,939</u>
<b>Public Works</b>			
<b>Streets, Bridges and Alleys</b>			
Salaries	176,793	176,793	160,365
Medical Testing	1,360	1,360	52
Equipment Maintenance and Supplies	11,000	11,000	10,741
Operating Supplies	3,000	3,000	101
Gasoline and Oil	45,000	45,000	33,829
Repairs, Operation and Maintenance	10,000	10,000	8,363
Purchase of Equipment	15,000	15,000	6,329
Contingent Expenditures	1,100	1,100	1,481
Vermin Control	2,500	2,500	2,232
Forestry Program	500	500	-
Uniforms	3,000	3,000	1,856

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Public Works - Continued			
Streets, Bridges and Alleys - Continued			
Sewer Maintenance	\$ 8,000	8,000	3,840
Storage Yard Rental	2,765	2,765	2,765
	<u>280,018</u>	<u>280,018</u>	<u>231,954</u>
Building Inspector			
Salaries	54,797	54,797	55,038
Phones	2,500	2,500	1,332
Office Equipment and Supplies	1,000	1,000	569
Inspection Expenditures	7,500	7,500	5,880
Community Service Officer	25,958	25,958	7,875
Computer Expenditures	500	500	79
Seminar	250	250	-
Demolition	3,000	3,000	1,713
Dues and Subscriptions	500	500	102
Auto Expenditures	1,200	1,200	781
Contingent	500	500	74
	<u>97,705</u>	<u>97,705</u>	<u>73,443</u>
Garbage Department			
Dumping	444,000	444,000	432,015
	<u>821,723</u>	<u>821,723</u>	<u>737,412</u>
Community Development			
Community Development			
Salaries	53,965	53,965	48,310
Legal Notices	2,000	2,000	1,707
Office Supplies	300	300	58
Travel and Mileage	100	100	29
Conferences and Seminars	100	100	49
Contingency Expenditures	200	200	-
Publication and Dues	200	200	-
Engineering	10,000	10,000	2,604
Village Match for CDBG Grant Expenditures	20,000	20,000	60,354
Court Reporter	2,500	2,500	1,030
Computer Expenditures	100	100	-
	<u>89,465</u>	<u>89,465</u>	<u>114,141</u>

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
<b>Community Development - Continued</b>			
<b>Weed and Seed</b>			
Program Administrator	\$ 15,000	15,000	11,921
Data Entry Clerk	16,600	16,600	252
Safe Haven Supervisor	15,600	15,600	4,558
Payroll Taxes	9,524	9,524	1,423
Office Rent	3,200	3,200	3,200
Safe Haven Activities	11,038	11,038	24,984
Conference	3,500	3,500	1,994
Evaluator	15,000	15,000	15,000
Equipment	15,700	15,700	12,255
Site Coordinator	37,800	37,800	25,866
Police Overtime	14,038	14,038	-
	<u>157,000</u>	<u>157,000</u>	<u>101,453</u>
<b>Total Community Development</b>	<u>246,465</u>	<u>246,465</u>	<u>215,594</u>
<b>Capital Outlay</b>	<u>2,000</u>	<u>2,000</u>	<u>230,639</u>
<b>Debt Service</b>			
Principal Retirement	-	-	76,023
Interest and Fiscal Charges	15,000	15,000	30,822
<b>Total Debt Service</b>	<u>15,000</u>	<u>15,000</u>	<u>106,845</u>
<b>Total Expenditures</b>	<u>8,969,953</u>	<u>8,969,953</u>	<u>10,076,018</u>

VILLAGE OF SUMMIT, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds  
Year Ended December 31, 2011

	Community Development	Drug	Special 911 ETS
<b>ASSETS</b>			
Cash and Investments	\$ 9,997	431,305	-
Restricted Cash and Investments	-	-	129,716
Receivables - Net of Allowances	-	-	-
Taxes	-	-	-
Total Assets	9,997	431,305	129,716
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	-	17,950	7,523
Due to Other Funds	-	-	-
Deferred/Unearned Revenues	-	-	-
Total Liabilities	-	17,950	7,523
Fund Balances			
Restricted	9,997	413,355	122,193
Unassigned	-	-	-
Total Fund Balances	9,997	413,355	122,193
Total Liabilities and Fund Balances	9,997	431,305	129,716

Revenue			Debt Service	Capital Projects	
Motor Fuel Tax	63rd Place TIF	59th Street TIF	Bond and Interest	SSA #5	Total
12,836	7,479	29,541	152,337	94,822	738,317
-	-	-	-	-	129,716
23,250	-	-	15,059	-	38,309
36,086	7,479	29,541	167,396	94,822	906,342
20,926	-	2,767	-	-	49,166
318	17,625	-	-	23,600	41,543
-	-	-	12,770	-	12,770
21,244	17,625	2,767	12,770	23,600	103,479
14,842	-	26,774	154,626	71,222	813,009
-	(10,146)	-	-	-	(10,146)
14,842	(10,146)	26,774	154,626	71,222	802,863
36,086	7,479	29,541	167,396	94,822	906,342

VILLAGE OF SUMMIT, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2011

	Community Development	Drug	Special 911 ETS
<b>Revenues</b>			
Property Taxes	\$ -	-	-
Intergovernmental	43,973	152,448	-
Charges for Services	-	-	127,722
Interest	-	680	97
Total Revenues	43,973	153,128	127,819
<b>Expenditures</b>			
Current			
Public Safety	-	39,579	37,471
Public Works	-	-	-
Community Development	43,973	-	-
Capital Outlay	-	141,823	18,929
Debt Service			
Principal Retirement	-	2,259	17,832
Interest and Fiscal Charges	-	21	6,039
Total Expenditures	43,973	183,682	80,271
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(30,554)	47,548
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	-	13,200	-
Debt Issuance	-	-	-
Transfers In	-	-	-
Transfers Out	-	(81,711)	-
	-	(68,511)	-
Net Change in Fund Balances	-	(99,065)	47,548
Fund Balances - Beginning, as Restated	9,997	512,420	74,645
Fund Balances - Ending	9,997	413,355	122,193

Revenue			Debt Service	Capital Projects	
Motor Fuel Tax	63rd Place TIF	59th Street TIF	Bond and Interest	SSA #5	Total
-	-	-	113,823	32,574	146,397
317,114	-	-	-	-	513,535
-	-	-	-	-	127,722
51	16	86	7,560	197	8,687
317,165	16	86	121,383	32,771	796,341
-	-	-	-	-	77,050
241,368	-	-	-	-	241,368
-	5,795	81,032	-	-	130,800
14,252	-	-	-	-	175,004
84,662	-	-	110,000	-	214,753
17,062	-	-	4,182	-	27,304
357,344	5,795	81,032	114,182	-	866,279
(40,179)	(5,779)	(80,946)	7,201	32,771	(69,938)
-	-	-	-	-	13,200
-	-	-	-	-	-
-	-	150,000	-	-	150,000
-	-	(42,280)	-	-	(123,991)
-	-	107,720	-	-	39,209
(40,179)	(5,779)	26,774	7,201	32,771	(30,729)
55,021	(4,367)	-	147,425	38,451	833,592
14,842	(10,146)	26,774	154,626	71,222	802,863

VILLAGE OF SUMMIT, ILLINOIS

911 ETS - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Charges for Services			
Deposits	\$ 100,000	100,000	127,722
Interest	250	250	97
Total Revenues	100,250	100,250	127,819
<b>Expenditures</b>			
Public Safety			
Ameritech	-	-	37,386
Dispatcher Salaries	60,000	60,000	-
Contingent	-	-	85
Capital Outlay	60,250	60,250	18,929
Debt Service			
Principal Retirement	-	-	17,832
Interest and Fiscal Charges	-	-	6,039
Total Expenditures	120,250	120,250	80,271
Net Change in Fund Balance	(20,250)	(20,250)	47,548
Fund Balance - Beginning			74,645
Fund Balance - Ending			122,193

VILLAGE OF SUMMIT, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Intergovernmental			
State Allotment	\$ 230,000	230,000	317,114
Interest	60	60	51
Total Revenues	<u>230,060</u>	<u>230,060</u>	<u>317,165</u>
<b>Expenditures</b>			
Public Works			
Engineering	26,000	26,000	56,169
Street Lighting	100,000	100,000	84,622
Street Signs	400	400	431
Repair Street Lights	15,000	15,000	14,562
Salt	30,000	30,000	15,165
Legal Notices	100	100	286
Maintenances	41,000	41,000	70,111
Bank Charges	50	50	22
Capital Outlay	17,000	17,000	14,252
Debt Service			
Principal Retirement	-	-	84,662
Interest and Fiscal Charges	-	-	17,062
Total Expenditures	<u>229,550</u>	<u>229,550</u>	<u>357,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	510	510	(40,179)
Other Financing (Uses)			
Transfers Out	<u>(12,500)</u>	<u>(12,500)</u>	-
Net Change in Fund Balance	<u>(11,990)</u>	<u>(11,990)</u>	(40,179)
Fund Balance - Beginning			<u>55,021</u>
Fund Balance - Ending			<u><u>14,842</u></u>

VILLAGE OF SUMMIT, ILLINOIS

63rd Place TIF - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 10,000	10,000	-
Interest	-	-	16
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>16</u>
Expenditures			
Community Development			
Legal Notices	-	-	43
Development Costs	50,000	50,000	5,752
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>5,795</u>
Net Change in Fund Balance	<u>(40,000)</u>	<u>(40,000)</u>	(5,779)
Fund Balance - Beginning			<u>(4,367)</u>
Fund Balance - Ending			<u><u>(10,146)</u></u>

VILLAGE OF SUMMIT, ILLINOIS

Water - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,403,000	2,403,000	2,525,688
Miscellaneous	2,000	2,000	2,696
Total Operating Revenues	<u>2,405,000</u>	<u>2,405,000</u>	<u>2,528,384</u>
Operating Expenses			
Operations	1,980,078	1,980,078	1,894,902
Depreciation	-	-	74,141
Total Operating Expenses	<u>1,980,078</u>	<u>1,980,078</u>	<u>1,969,043</u>
Operating Income	<u>424,922</u>	<u>424,922</u>	<u>559,341</u>
Nonoperating Revenues (Expenses)			
Interest Income	200	200	76
Interest and Fiscal Charges	(7,000)	(7,000)	(2,433)
	<u>(6,800)</u>	<u>(6,800)</u>	<u>(2,357)</u>
Income Before Transfers	418,122	418,122	556,984
Transfers Out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(595,000)</u>
Change in Net Assets	<u>(81,878)</u>	<u>(81,878)</u>	<u>(38,016)</u>
Net Assets - Beginning			<u>588,053</u>
Net Assets - Ending			<u><u>550,037</u></u>

VILLAGE OF SUMMIT, ILLINOIS

Water - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual  
Year Ended December 31, 2011

	Budget		Actual
	Original	Final	
Operations			
Source of Water			
Water Purchases	\$ 860,000	860,000	788,451
Electricity - Water Pumps	25,000	25,000	33,504
Repairs and Maintenance			
Salaries			
Foreman	61,106	61,106	62,622
Assistant Foreman	62,877	62,877	63,212
Equipment Operators	363,540	363,540	506,213
Overtime Wages	50,000	50,000	56,845
Maintenance and Repairs			
Building	30,000	30,000	149
Trucks	10,000	10,000	5,824
Equipment	12,000	12,000	2,285
System	100,000	100,000	101,010
Gas and Oil	20,000	20,000	15,850
Engineering	5,000	5,000	4,485
Leak Detection	25,000	25,000	19,132
Purchase of Water Meters	26,000	26,000	10,646
Equipment	50,500	50,500	-
Contingency and Testing	5,000	5,000	8,563
Medical Testing	3,000	3,000	908
Supplies	13,500	13,500	10,469
Sewer Maintenance	30,000	30,000	1,541
Tower Maintenance	3,000	3,000	-
Refunds	1,500	1,500	1,073
Administrative			
Salaries			
Superintendent	65,000	65,000	64,854
Clerk	53,965	53,965	45,188
Meter Reader	60,590	60,590	59,969
Office Supplies	1,500	1,500	710
Telephone	5,000	5,000	4,155
Pagers/Radios	1,500	1,500	-
Computer Software/Training	1,000	1,000	-
Training	5,000	5,000	1,606
Postage	3,500	3,500	3,190
Accounting	20,000	20,000	16,743

VILLAGE OF SUMMIT, ILLINOIS

Water - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued  
Year Ended December 31, 2011

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	Budget		Actual
	Original	Final	
Operations - Continued			
Administrative - Continued			
Dues	\$ 5,000	5,000	5,000
Permits	1,000	1,000	705
Total Operations	1,980,078	1,980,078	1,894,902
Depreciation	-	-	74,141
Total Operating Expenses	1,980,078	1,980,078	1,969,043

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VILLAGE OF SUMMIT, ILLINOIS

SSA #5 - Agency Fund

Statement of Changes in Assets and Liabilities  
Year Ended December 31, 2011

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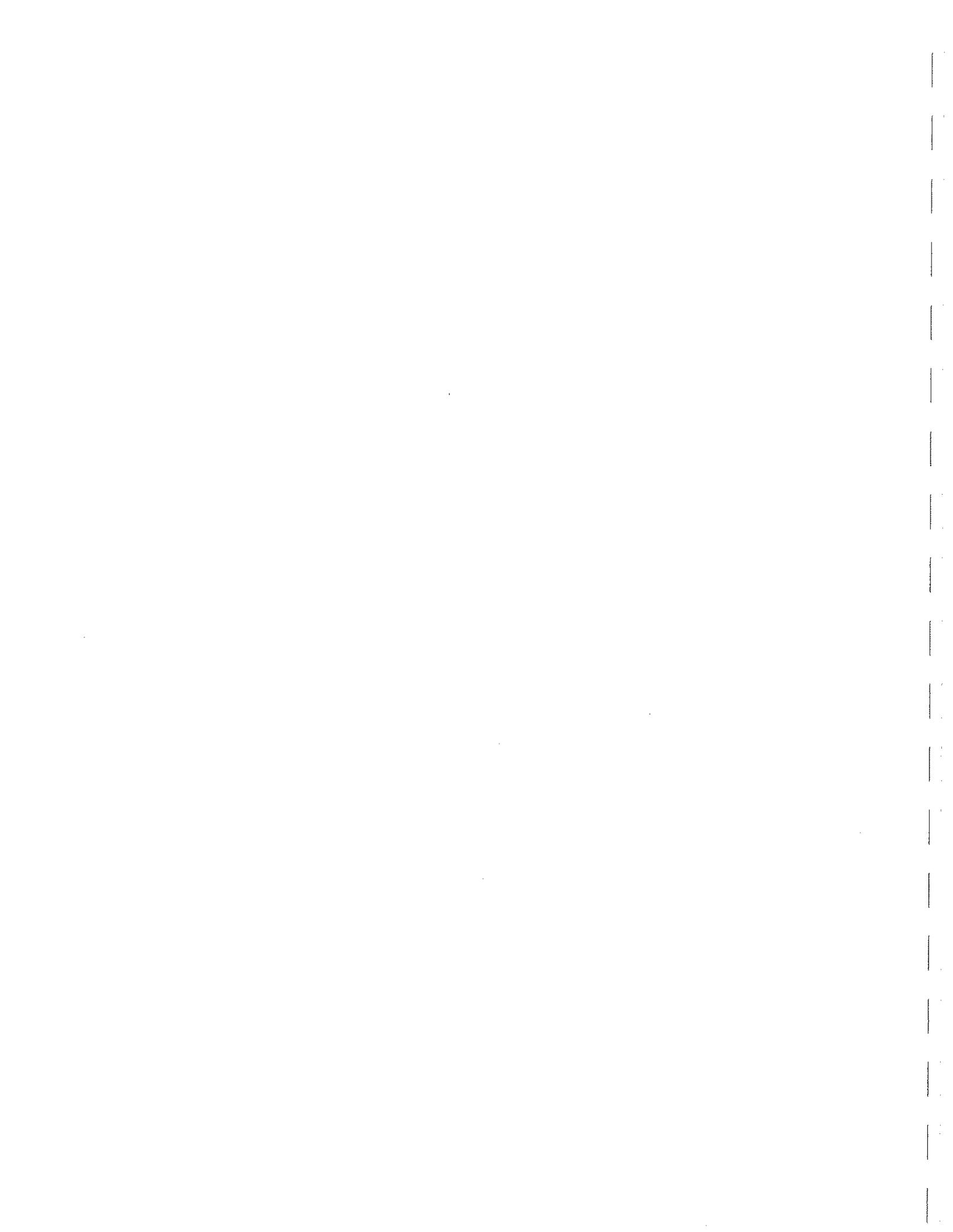
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	Restated Beginning Balances	Additions	Deductions	Ending Balances
<b>ASSETS</b>				
Due from Other Funds	\$ 23,600	-	-	23,600
<b>LIABILITIES</b>				
Due to Bondholders	23,600	-	-	23,600

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**SUPPLEMENTAL SCHEDULES**



**VILLAGE OF SUMMIT, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation Bonds of 2004  
December 31, 2011**

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Date of Issue	January 9, 2004
Date of Maturity	December 1, 2012
Authorized Issue	\$700,000
Denomination of Bonds	\$5,000
Interest Rate	3.40%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Bridgeview Bank and Trust

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	<u>\$ 13,000</u>	<u>442</u>	<u>13,442</u>	2012	<u>221</u>	2012	<u>221</u>

**VILLAGE OF SUMMIT, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation (Alternate Revenue) Bonds of 2007  
December 31, 2011**

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Date of Issue	October 1, 2007
Date of Maturity	October 1, 2013
Authorized Issue	\$400,000
Denomination of Bonds	\$5,000
Interest Rate	5.75%
Interest Dates	April 1 and October 1
Principal Maturity Date	October 1
Payable at	New City Bank

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Apr. 1	Amount	Oct. 1	Amount
2012	\$ 71,000	8,338	79,338	2012	4,169	2012	4,169
2013	74,000	4,256	78,256	2013	2,128	2013	2,128
	<u>145,000</u>	<u>12,594</u>	<u>157,594</u>		<u>6,297</u>		<u>6,297</u>

**VILLAGE OF SUMMIT, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation (Senior Lien) Note of 2011  
December 31, 2011**

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Date of Issue	June 1, 2011
Date of Maturity	June 1, 2016
Principal Amount	\$500,000
Interest Rate	6.00%
Interest Dates	June 1
Principal Maturity Date	June 1
Payable at	New City Bank

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 89,477	29,614	119,091
2013	96,040	23,051	119,091
2014	103,086	16,005	119,091
2015	110,648	8,443	119,091
2016	58,331	1,214	59,545
	<u>457,582</u>	<u>78,327</u>	<u>535,909</u>

**VILLAGE OF SUMMIT, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**Notes Payable of 2007**

**December 31, 2011**

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Date of Issue	December 18, 2007
Date of Maturity	December 18, 2012
Principal Amount	\$99,200
Interest Rate	4.75%
Interest Dates	December 18
Principal Maturity Date	December 18
Payable at	Marquette Bank

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	<u>\$ 21,723</u>	<u>1,032</u>	<u>22,755</u>

VILLAGE OF SUMMIT, ILLINOIS

Five Year Summary of Assessed Valuations, Tax Rates, Extensions and Collections - by Tax Levy Year  
December 31, 2011 (Unaudited)

	2006	2007	2008	2009	2010
Assessed Valuation	\$ 165,791,674	175,160,036	198,306,207	199,098,851	197,356,044
<b>Rates</b>					
Corporate	0.2260	0.3281	0.3140	0.3140	0.3242
Bond and Interest	0.0721	0.0681	0.0605	0.0600	0.0607
Garbage	0.1552	0.1120	0.1060	0.1062	0.1044
Street Lighting	0.0103	0.0000	0.0000	0.0000	0.0000
Police Pension	0.3141	0.2941	0.2524	0.2524	0.2610
IMRF	0.0392	0.0000	0.0000	0.0000	0.0000
Social Security	0.1172	0.0000	0.0000	0.0000	0.0000
Street and Bridge	0.0621	0.0000	0.0000	0.0000	0.0000
Fire Protection	0.1552	0.1131	0.1010	0.1009	0.1044
Police Protection	0.0582	0.3750	0.3534	0.3534	0.3839
Liability Insurance	0.4011	0.3393	0.3230	0.3222	0.3282
Auditing	0.0322	0.0000	0.0000	0.0000	0.0000
Crossing Guard	0.0155	0.0000	0.0000	0.0000	0.0000
<b>Total</b>	<b>1.6584</b>	<b>1.6297</b>	<b>1.5103</b>	<b>1.5091</b>	<b>1.5668</b>
<b>Tax Extensions</b>					
Corporate	374,689	574,700	622,681	625,170	639,828
Bond and Interest	119,614	119,337	120,002	119,370	119,891
Garbage	257,308	196,179	210,204	211,442	206,039
Street Lighting	17,076	-	-	-	-
Police Pension	520,751	515,145	500,524	502,525	515,099
IMRF	64,990	-	-	-	-
Social Security	194,307	-	-	-	-
Street and Bridge	102,956	-	-	-	-
Fire Protection	257,308	198,106	200,289	200,890	206,039
Police Protection	96,490	656,850	700,814	703,615	757,649
Liability Insurance	664,990	594,318	640,529	641,496	647,722
Auditing	53,384	-	-	-	-
Crossing Guard	25,697	-	-	-	-
<b>Total</b>	<b>2,749,560</b>	<b>2,854,635</b>	<b>2,995,043</b>	<b>3,004,508</b>	<b>3,092,267</b>
<b>Total Collected</b>	<b>2,659,565</b>	<b>2,601,200</b>	<b>2,775,497</b>	<b>2,814,427</b>	<b>3,013,970</b>
<b>Percentage Collected</b>	<b>96.73%</b>	<b>91.12%</b>	<b>92.67%</b>	<b>93.67%</b>	<b>97.47%</b>

