

VILLAGE OF SUMMIT,
ILLINOIS



ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

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

INDEPENDENT AUDITORS' REPORT

April 14, 2014

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, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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.

Opinions - Continued

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 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Summit, Illinois', financial statements as a whole. The combining and individual fund financial statements and schedules, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules and supplemental schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2013 (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, 2013. The management of the Village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the Village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The liabilities/deferred inflows of the Village exceeded its assets at the close of the most recent fiscal year by \$456 thousand (net position). The Village currently has a deficit in its unrestricted net position and is currently evaluating options to fund operations on an unrestricted basis.
- In total, net position decreased by \$.3 million. This represents a 60% decrease from the 2012 net position decrease. The decreases in the current year are due to declines in TIF expenditures and cost savings implemented throughout the Village.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2.36 million, an increase of \$364 thousand in comparison with the prior year fund balance. Of that amount, the Village has improved the fund balance in the general fund by approximately \$635 thousand. The Village is improving its operations in order to provide for sufficient reserves to support the Village in unforeseen situations.
- General Fund revenues accounted for \$9.7 million in revenue or 89.9% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$2.9 million or 26.9% of total governmental revenues.
- The Village had \$11.5 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 \$430,223.
- The Village's long-term liabilities increased by \$554,934 during the current year. The increase is due to increases in employee benefits and other post-employment benefit liabilities.

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, 2013 (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 Position presents information on all of the Village's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

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

The government-wide financial statements can be divided into two types of activities: governmental and business-type. Governmental activities present the functions of the Village that are principally supported by taxes and intergovernmental revenues. Business-type activities present the functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Village's governmental activities include functions like general government, 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 three categories: governmental funds, enterprise 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, 2013

(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 Street and Archer Avenue TIF Fund, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The Village adopts an annual budget for each of the major funds listed above. A budgetary comparison schedule 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 General and 63rd Street and Archer Avenue TIF 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, 2013 (Unaudited)

Government-Wide Financial Analysis

Table 1 Condensed Statement of Net Position (in thousands of dollars)						
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$ 6,819	\$ 7,311	\$ 1,010	\$ 1,166	\$ 7,829	\$ 8,477
Capital Assets	<u>3,613</u>	<u>3,546</u>	<u>695</u>	<u>554</u>	<u>4,308</u>	<u>4,100</u>
Total assets	<u>10,432</u>	<u>10,857</u>	<u>1,705</u>	<u>1,720</u>	<u>12,137</u>	<u>12,577</u>
Liabilities						
Long-term liabilities	6,018	5,432	547	492	6,565	5,923
Other liabilities and deferred inflows	<u>4,741</u>	<u>5,628</u>	<u>376</u>	<u>318</u>	<u>5,117</u>	<u>5,946</u>
Total liabilities and deferred inflows	<u>10,759</u>	<u>11,060</u>	<u>923</u>	<u>810</u>	<u>11,682</u>	<u>11,869</u>
Net position						
Net investment in capital assets	3,141	2,009	695	554	3,836	2,563
Restricted	1,985	2,278	-	-	1,985	2,278
Unrestricted	<u>(5,452)</u>	<u>(4,490)</u>	<u>88</u>	<u>356</u>	<u>(5,364)</u>	<u>(4,134)</u>
Total net position	<u>\$ (326)</u>	<u>\$ (203)</u>	<u>\$ 782</u>	<u>\$ 910</u>	<u>\$ 456</u>	<u>\$ 707</u>

Normal Impacts

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

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

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

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

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

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

Reduction of capital assets through depreciation – which will reduce capital assets and net investment in capital assets.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2013 (Unaudited)

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, total net position decreased by \$251 thousand from \$708 thousand to \$456 thousand. The Village's total assets equal \$12,137 thousand. The Village's total liabilities/deferred inflows equal \$11,682 thousand.

The Village experienced a decrease in current and other assets as it decreased the cash and investments held at the end of the year and had a decrease in the taxes receivable. The taxes receivable decline is due to the state reducing the amount due for income tax revenue. The long term liabilities/deferred inflows increased in the current year due to the increase in OPEB.

A portion of the net position of the governmental activities is restricted for public safety, community development and debt service. The unrestricted combined balance, for both governmental and business type activities, is a negative amount of (\$5,364) thousand. The Village is taking steps to correct this in the future.

Table 2
Condensed Statements of Activities
(in thousands of dollars)

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 2,187	\$ 2,090	\$ 2,760	\$ 3,076	\$ 4,947	\$ 5,166
Operating grants and contributions	727	802	-	-	727	802
<i>General revenues</i>						
Property taxes	3,501	3,639	-	-	3,501	3,639
Other taxes	2,465	2,358	-	-	2,465	2,358
Intergovernmental	1,238	1,131	-	-	1,238	1,131
Other general revenues	<u>725</u>	<u>353</u>	<u>-</u>	<u>-</u>	<u>725</u>	<u>353</u>
Total revenues	<u>10,843</u>	<u>10,373</u>	<u>2,760</u>	<u>3,076</u>	<u>13,603</u>	<u>13,449</u>
Expenses						
General government	4,042	3,968	-	-	4,042	3,968
Public safety	5,386	5,373	-	-	5,386	5,373
Public works	1,115	1,075	-	-	1,115	1,075
Community development	891	1,337	-	-	2,213	1,337
Interest and fees	57	51	-	-	57	51
Water	<u>-</u>	<u>-</u>	<u>2,363</u>	<u>2,286</u>	<u>2,363</u>	<u>2,286</u>
Total expenses	<u>11,491</u>	<u>11,804</u>	<u>2,363</u>	<u>2,286</u>	<u>13,854</u>	<u>14,090</u>
Change in net position before transfers, special and extraordinary items	(648)	(1,429)	397	790	(251)	(639)
Transfers	<u>525</u>	<u>430</u>	<u>(525)</u>	<u>(430)</u>	<u>-</u>	<u>-</u>
Change in net position	(123)	(999)	(128)	360	(251)	(639)
Net position, beginning of year	<u>(203)</u>	<u>798</u>	<u>910</u>	<u>550</u>	<u>707</u>	<u>1,348</u>
Net position end of year	<u>\$ (326)</u>	<u>\$ (203)</u>	<u>\$ 782</u>	<u>\$ 910</u>	<u>\$ 456</u>	<u>\$ 707</u>

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

(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.

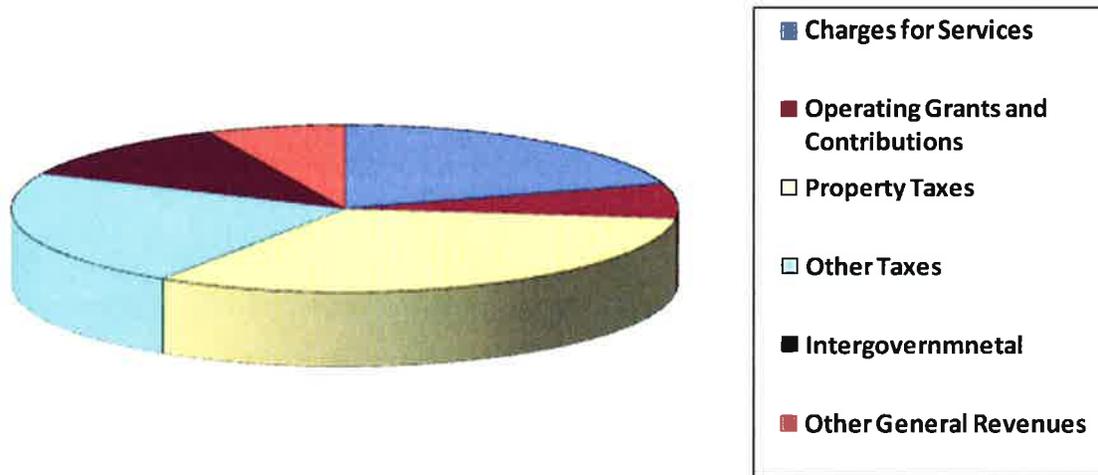
Current Year Impacts

The Governmental Activities experienced an increase in revenue in total for the year. The governmental activities noted a decline in property taxes due to a continued decline in the TIF district revenues, however the Village had an increase in other taxes and intergovernmental revenues specifically sales tax and income taxes. The Village also received an increase in revenues due to the casino sharing revenues being received from the state. The Village had an increase in expenses in the current year across all departments. Increased costs for salaries and benefits are the primary reason for the increase in costs in governmental activity. In the current year, the Village incurred an increase in the post employment benefit obligation costs of \$565,763. Overall, the Village's financial position has declined since the prior fiscal year.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013
(Unaudited)

Governmental Activities

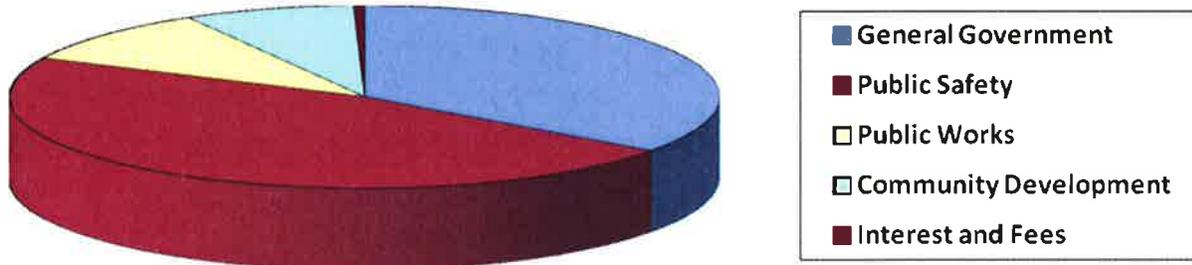


Revenues

The Village experienced an increase in revenue for this fiscal year. This increase in revenues amounted to \$154,000 and was directly related to an increase in income taxes and sales taxes and miscellaneous income. The Village saw a decline in property taxes that reduced the total increase gained from other revenue sources.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2013 (Unaudited)



Expenses

The Village's overall expenses in the current fiscal year decrease from the previous year by \$236,000. Management has worked to control spending in the current year. There were declines in the TIF disbursements that caused the overall decline in the expenses in total. There were slight increases in salaries and employee benefits such as health insurance and retirement expense.

Business-Type Activities

The business-type activity of the Village includes the Water Fund. The Water Fund serves the Village's 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 Fund decreased by \$316,678 due to the decrease in water usage during the year. There was also an increase in costs due to the increase in charges by the City of Chicago.

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 \$2,360 thousand, an increase of \$365 thousand in comparison with the prior year. The Village has seen increases in fines and fees due to modifications in the fee structure. In addition, there was a large increase in the casino revenue that was committed to the Village. Grants have declined due to the elimination of the Weed and Seed Grant. The Village has seen a flattening out of total expenditures with insurance costs declining in the current year due to modifications in the insurance structure.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2013 (Unaudited)

General Fund Budgetary Highlights

The Village approves its budget in December prior to the beginning of the budget year. For the 2013 year, the budget was passed in December 2012 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 forfeits to budget. The General Fund revenues came in at a surplus to budget of approximately \$315 thousand.

Actual expenditures were lower than budget by approximately \$298 thousand. This was due to lower expenditures than budgeted in general government and public safety. The Village did see some cost savings in liability and health insurance.

Capital Assets and Debt Administration

Capital assets

By the end of 2013, the Village had compiled a total investment of \$9,479 thousand (\$4,308 thousand net of accumulated depreciation) in a broad range of capital assets. Total depreciation expense for the year was \$305,780. More detailed information about capital assets can be found in Note 3 of the basic financial statements.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	2013	2012	2013	2012	2013	2012
Land	\$ 588	\$ 588	\$ 17	\$ 17	\$ 605	\$ 605
Construction in Progress	-	876	-	-	-	876
Buildings	726	746	243	22	969	768
Land improvements	135	40	-	-	135	40
Infrastructure	965	-	-	-	965	711
Improvements other than buildings	-	-	235	265	235	265
Waterworks and reservoir system	-	-	89	103	89	103
Vehicles	713	711	-	-	713	711
Machinery	486	584	111	146	597	730
Total	\$ 3,613	\$ 3,546	\$ 695	\$ 553	\$ 4,308	\$ 4,099

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2013 (Unaudited)

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, TIF Redevelopment Bonds, compensated absences and other post employment benefits. Overall, the Village's long-term debt report a total debt of \$6.85 million. The Village began the fiscal year with a balance of \$5.65 million in debt, reduced debt by \$498 thousand, and incurred \$1,106 thousand in debt, leaving a December 31, 2013 debt balance of \$6.85 million. More detailed information about debt administration can be found in Note 3 of the basic financial statements.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 268	\$ 442	\$ -	\$ -	\$ 268	\$ 442
TIF redevelopment bonds	650	650	-	-	\$ 650	\$ 650
Notes and other long-term liabilities	<u>5,381</u>	<u>4,651</u>	<u>553</u>	<u>499</u>	<u>5,934</u>	<u>4,566</u>
Total	<u>\$ 6,299</u>	<u>\$ 4,743</u>	<u>\$ 553</u>	<u>\$ 499</u>	<u>\$ 6,852</u>	<u>\$ 5,658</u>

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 Districts created in 2003 and 2012. 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. 59th 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 Funds

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 Position
December 31, 2013**

See Following Page

VILLAGE OF SUMMIT, ILLINOIS

Statement of Net Position
December 31, 2013

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 2,291,187	841,997	3,133,184
Restricted Cash and Investments	38,028	-	38,028
Receivables - Net			
Taxes	4,120,939	-	4,120,939
Accounts	7,248	305,737	312,985
Due from Other Governments	225,116	-	225,116
Internal Balances	137,310	(137,310)	-
Total Current Assets	<u>6,819,828</u>	<u>1,010,424</u>	<u>7,830,252</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	588,120	17,117	605,237
Depreciable	7,490,593	2,778,376	10,268,969
Accumulated Depreciation	<u>(4,465,600)</u>	<u>(2,100,926)</u>	<u>(6,566,526)</u>
Total Noncurrent Assets	<u>3,613,113</u>	<u>694,567</u>	<u>4,307,680</u>
Total Assets	<u>10,432,941</u>	<u>1,704,991</u>	<u>12,137,932</u>

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

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 420,772	234,195	654,967
Accrued Payroll	146,102	25,121	171,223
Payroll Liabilities	42,547	-	42,547
Deposits Payable	133,325	110,409	243,734
Other Payables	166,990	-	166,990
Current Portion of Long-Term Debt	280,355	5,763	286,118
Total Current Liabilities	<u>1,190,091</u>	<u>375,488</u>	<u>1,565,579</u>
Noncurrent Liabilities			
Compensated Absences Payable	379,321	23,053	402,374
Pension Obligation Payable	172,998	-	172,998
Net Other Post-Employment Benefit Payable	4,529,054	524,248	5,053,302
General Obligation Bonds Payable	165,999	-	165,999
TIF Redevelopment Bonds	650,000	-	650,000
Capital Leases Payable	120,985	-	120,985
Total Noncurrent Liabilities	<u>6,018,357</u>	<u>547,301</u>	<u>6,565,658</u>
Total Liabilities	<u>7,208,448</u>	<u>922,789</u>	<u>8,131,237</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>3,550,506</u>	-	<u>3,550,506</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,758,954</u>	<u>922,789</u>	<u>11,681,743</u>
NET POSITION			
Net Investment in Capital Assets	3,140,604	694,567	3,835,171
Restricted - Public Safety	227,876	-	227,876
Restricted - Motor Fuel Tax	24,685	-	24,685
Restricted - Community Development	1,572,835	-	1,572,835
Restricted - Debt Service	159,694	-	159,694
Unrestricted	<u>(5,451,707)</u>	<u>87,635</u>	<u>(5,364,072)</u>
Total Net Position	<u>(326,013)</u>	<u>782,202</u>	<u>456,189</u>

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

VILLAGE OF SUMMIT, ILLINOIS

Statement of Activities
December 31, 2013

	Expenses	Program Revenues	
		Program Revenues	Operating Grants/ Contributions
Governmental Activities			
General Government	\$ 4,042,129	691,166	-
Public Safety	5,386,818	974,262	727,501
Public Works	1,115,280	521,225	-
Community Development	890,642	-	-
Interest on Long-Term Debt	57,149	-	-
Total Governmental Activities	11,492,018	2,186,653	727,501
Business-Type Activities			
Water	2,363,141	2,759,858	-
	13,855,159	4,946,511	727,501

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 Position

Net Position - Beginning as Restated

Net Position - Ending

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

Net Expense/Revenue		
Governmental Activities	Business Type Activities	Total
(3,350,963)	-	(3,350,963)
(3,685,055)	-	(3,685,055)
(594,055)	-	(594,055)
(890,642)	-	(890,642)
(57,149)	-	(57,149)
(8,577,864)	-	(8,577,864)
-	396,717	396,717
(8,577,864)	396,717	(8,181,147)
3,501,127	-	3,501,127
1,374,369	-	1,374,369
186,156	-	186,156
519,404	-	519,404
328,232	-	328,232
56,909	-	56,909
1,065,954	-	1,065,954
172,416	-	172,416
1,763	168	1,931
723,277	-	723,277
525,000	(525,000)	-
8,454,607	(524,832)	7,929,775
(123,257)	(128,115)	(251,372)
(202,756)	910,317	707,561
(326,013)	782,202	456,189

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

VILLAGE OF SUMMIT, ILLINOIS

Balance Sheet - Governmental Funds
December 31, 2013

	General	Special Revenue 63rd Street and Archer Avenue TIF	Nonmajor Governmental Funds	Total
ASSETS				
Cash and Investments	\$ 1,451,210	383,993	455,984	2,291,187
Restricted Cash and Investments	-	-	38,028	38,028
Receivables - Net of Allowances				
Taxes	3,565,669	527,609	27,661	4,120,939
Accounts	7,248	-	-	7,248
Due from Other Governments	225,116	-	-	225,116
Due from Other Funds	244,464	1,134,297	38,911	1,417,672
Total Assets	5,493,707	2,045,899	560,584	8,100,190
LIABILITIES				
Accounts Payable	118,047	1	430	118,478
Accrued Payroll	146,102	-	-	146,102
Payroll Liabilities	42,547	-	-	42,547
Deposits Payable	133,325	-	-	133,325
Due to Other Funds	1,418,966	-	163,690	1,582,656
Other Payables	166,990	-	-	166,990
Total Liabilities	2,025,977	1	164,120	2,190,098
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	3,037,507	512,999	-	3,550,506
Total Liabilities and Deferred Inflows of Resources	5,063,484	513,000	164,120	5,740,604
FUND BALANCES				
Restricted	-	1,532,899	452,191	1,985,090
Unassigned	430,223	-	(55,727)	374,496
Total Fund Balances	430,223	1,532,899	396,464	2,359,586
Total Liabilities, Deferred Inflows of Resources and Fund Balances	5,493,707	2,045,899	560,584	8,100,190

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 Position of Governmental Activities**

December 31, 2013

Total Governmental Fund Balances **\$ 2,359,586**

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

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 3,613,113

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

Compensated Absences Payable	(474,151)
Net Pension Obligation Payable	(172,998)
Net Other Post-Employment Benefit Payable	(4,529,054)
General Obligation Bonds Payable	(268,668)
Redevelopment Bonds Payable	(650,000)
Capital Leases Payable	<u>(203,841)</u>

Net Position of Governmental Activities **(326,013)**

VILLAGE OF SUMMIT, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2013

	General	Special Revenue 63rd Street and Archer Avenue TIF	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 5,381,043	556,977	28,177	5,966,197
Intergovernmental	1,558,725	-	407,146	1,965,871
Charges for Services	133,366	-	89,338	222,704
Licenses and Permits	1,095,428	-	-	1,095,428
Fines and Forfeits	868,521	-	-	868,521
Interest	280	730	753	1,763
Miscellaneous	712,444	10,833	-	723,277
Total Revenues	9,749,807	568,540	525,414	10,843,761
Expenditures				
Current				
General Government	3,240,367	-	-	3,240,367
Public Safety	5,093,223	-	98,388	5,191,611
Public Works	903,278	-	163,425	1,066,703
Community Development	287,762	730,663	49,724	1,068,149
Capital Outlay	-	-	119,647	119,647
Debt Service				
Principal Retirement	147,439	-	114,795	262,234
Interest and Fiscal Charges	24,455	-	32,694	57,149
Total Expenditures	9,696,524	730,663	578,673	11,005,860
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,283	(162,123)	(53,259)	(162,099)
Other Financing Sources (Uses)				
Disposal of Capital Assets	1,655	-	-	1,655
Transfers In	580,000	-	60,000	640,000
Transfers Out	-	(115,000)	-	(115,000)
	581,655	(115,000)	60,000	526,655
Net Change in Fund Balances	634,938	(277,123)	6,741	364,556
Fund Balances - Beginning	(204,715)	1,810,022	389,723	1,995,030
Fund Balances - Ending	430,223	1,532,899	396,464	2,359,586

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

For the Fiscal Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 364,556
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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	295,499
Depreciation Expense	(228,378)

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.

Increase in Compensated Absences Payable	(210,962)
Increase in Net Other Post-Employment Benefit Obligation Payable	(565,763)
Increase in Net Pension Obligation	(40,443)
Retirement of General Obligation Bonds Payable	173,437
Retirement of Capital Leases	88,797

Changes in Net Position of Governmental Activities	<u>(123,257)</u>
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VILLAGE OF SUMMIT, ILLINOIS

Statement of Net Position - Proprietary Fund (Business-Type Activities) - Water Fund
December 31, 2013

ASSETS	
Current Assets	
Cash and Investments	\$ 841,997
Receivables - Net of Allowances	
Accounts	305,737
Total Current Assets	<u>1,147,734</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	17,117
Depreciable	2,778,376
Accumulated Depreciation	<u>(2,100,926)</u>
Total Noncurrent Assets	<u>694,567</u>
Total Assets	<u>1,842,301</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	234,195
Accrued Payroll	25,121
Deposits Payable	110,409
Due to Other Funds	137,310
Compensated Absences Payable	5,763
Total Current Liabilities	<u>512,798</u>
Noncurrent Liabilities	
Compensated Absences Payable	23,053
Net Other Post-Employment Benefit Payable	<u>524,248</u>
Total Noncurrent Liabilities	<u>547,301</u>
Total Liabilities	<u>1,060,099</u>
NET POSITION	
Investment in Capital Assets	694,567
Unrestricted	<u>87,635</u>
Total Net Position	<u>782,202</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 Position - Proprietary Fund
(Business-Type Activities) - Water Fund

For the Fiscal Year Ended December 31, 2013

Operating Revenues	
Charges for Services	\$ 2,759,396
Miscellaneous	462
Total Operating Revenues	<u>2,759,858</u>
Operating Expenses	
Operations	2,280,213
Depreciation	82,928
Total Operating Expenses	<u>2,363,141</u>
Operating Income	396,717
Nonoperating Revenues	
Interest Income	<u>168</u>
Income Before Transfers	396,885
Transfers Out	<u>(525,000)</u>
Change in Net Position	(128,115)
Net Position - Beginning	<u>910,317</u>
Net Position - Ending	<u><u>782,202</u></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
For the Fiscal Year Ended December 31, 2013

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 2,745,854
Payments to Employees	(807,890)
Payments to Suppliers	(1,361,753)
	<u>576,211</u>
Cash Flows from Noncapital Financing Activities	
Transfer Out	<u>(525,000)</u>
Cash Flows from Capital and Related Financing activities	
Purchase of Capital Assets	<u>(223,640)</u>
Cash Flows from Investing Activities	
Interest Received	<u>168</u>
Net Change in Cash and Cash Equivalents	(172,261)
Cash and Cash Equivalents - Beginning	<u>1,014,258</u>
Cash and Cash Equivalents - Ending	<u><u>841,997</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>396,717</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	82,928
(Increase) Decrease in Current Assets	(14,004)
Increase (Decrease) in Current Liabilities	<u>110,570</u>
Net Cash Provided by Operating Activities	<u><u>576,211</u></u>

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

VILLAGE OF SUMMIT, ILLINOIS

**Statement of Fiduciary Net Position
December 31, 2013**

	<u>Pension Trust</u> Police Pension	<u>Agency Fund</u> SSA #5
ASSETS		
Cash and Cash Equivalents	\$ 1,205,956	62,162
Investments		
U.S. Government and Agency Securities	2,315,787	-
Annuities	3,037,246	-
Mutual Funds	1,196,713	-
Accrued Interest	22,363	-
Prepaid Expense	775	-
Due from Other Funds	302,294	-
Total Assets	<u>8,081,134</u>	<u>62,162</u>
LIABILITIES		
Accounts Payable	3,125	-
Due to Bondholders	-	62,162
Total Liabilities	<u>3,125</u>	<u>62,162</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>8,078,009</u>	-

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

VILLAGE OF SUMMIT, ILLINOIS

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2013

	Pension Trust
Additions	
Contributions - Employer	\$ 852,869
Contributions - Plan Members	200,661
Total Contributions	<u>1,053,530</u>
Investment Income	
Interest Earned	207,267
Net Change in Fair Value	354,012
	<u>561,279</u>
Less Investment Expenses	(7,454)
Net Investment Income	<u>553,825</u>
Total Additions	<u>1,607,355</u>
Deductions	
Administration	38,811
Benefits and Refunds	1,046,870
Total Deductions	<u>1,085,681</u>
Change in Net Position	521,674
Net Position Held in Trust for Pension Benefits	
Net Position - Beginning	<u>7,556,335</u>
Net Position - Ending	<u>8,078,009</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, 2013

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). 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. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," 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. 61, 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 fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements

December 31, 2013

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 Position, 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/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. 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 position resulting from the current year's activities.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements December 31, 2013

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/deferred outflows, liabilities/deferred inflows, 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.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, 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/deferred outflows, liabilities/deferred inflows, 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/deferred outflows, liabilities/deferred inflows, 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, 2013

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 63rd 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 63rd 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.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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, 2013

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 position and changes in net position 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 Position 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/deferred outflows and liabilities/deferred inflows 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, 2013

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 position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

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 Position 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/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows 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, 2013

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/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position 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, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION 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, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION 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 Position. Bond premiums and discounts 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 expenses at the time of issuance.

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.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements December 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Net Position

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

Net Investment in Capital Assets – 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 – Consists of net position 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 – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

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 Bond and Interest Fund, the 63rd Place 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, 2013**

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>
911 ETS	\$ 56,474
Motor Fuel Tax	30,764
59th Street TIF	44,297

DEFICIT FUND EQUITY

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

<u>Fund</u>	<u>Deficit</u>
Community Development	\$ 31,355
63rd Place TIF	24,372

NOTE 3 – DETAIL NOTES ON ALL FUNDS

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, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

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 position.

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 \$1,445,720 and the bank balances totaled \$1,741,559. In addition, the Village had \$1,725,492 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, 2013

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, \$40,156 of the bank balance of the deposits was not covered by federal depository or equivalent insurance, of which \$9,666 represents cash at paying agent for debt service payments.

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's investment in the Illinois Fund is over 5 percent of the total cash and investment portfolio.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements

December 31, 2013

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

Deposits. At year-end, the carrying amount of the Police Pension Fund's deposits totaled \$1,205,956 and the bank balances totaled \$1,197,153.

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

	Fair Value	Investment Maturities (in Years)			More than 10
		Less than 1	1 to 5	6 to 10	
U.S. Agencies	\$ 2,012,103	331,824	1,308,702	371,577	-
U.S. Treasuries	303,684	-	303,684	-	-
	<u>2,315,787</u>	<u>331,824</u>	<u>1,612,386</u>	<u>371,577</u>	<u>-</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, 2013

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 the entire amount of the bank balance of deposits is covered by collateral, federal depository or equivalent insurance.

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 plan net position available for retirement benefits (other than U.S. Government guaranteed obligations) invested in AXA Equitable of \$457,005, Pacific Life of \$714,922, Prudential Life of \$781,472, and Retireready Extra of \$885,686. 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 insurance contract holdings as follows:

<u>Insurance Contracts</u>	<u>Fair Value</u>
AXA Equitable	\$ 457,005
Commonwealth VA Plus	198,161
Pacific Life Annuity	714,922
Prudential Life Annuity	781,472
Retireready Extra VA	<u>885,686</u>
Total	<u><u>3,037,246</u></u>

VILLAGE OF SUMMIT, ILLINOIS

**Notes to the Financial Statements
December 31, 2013**

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 equity mutual fund holdings as follows:

<u>Equity Mutual Funds</u>	<u>Fair Value</u>
Allianceber High Income A	\$ 100,570
Goldman Sachs Rising	112,404
Henderson Global Equity Income A	145,157
Invesco Balanced Risk	72,471
JP Morgan Strategic Income A	68,402
Lord Abbett Inflation Focused A	109,427
Lord Abbett Affiliated Fund	20,739
MFS Growth I	119,961
Pioneer Multi Asset Real Ret	76,595
Principal Preferred SEC A	125,330
Virtus Multi-Sector	100,926
Virtus Foreign Opport I	144,731
Total	<u>1,196,713</u>

PROPERTY TAXES

Property taxes for 2013 attach as an enforceable lien on January 1, 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 and September 1. 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, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 588,120	-	-	588,120
Construction in Progress	876,203	-	876,203	-
	<u>1,464,323</u>	<u>-</u>	<u>876,203</u>	<u>588,120</u>
Depreciable Capital Assets				
Land Improvements	98,868	110,000	-	208,868
Buildings	1,416,379	-	-	1,416,379
Machinery and Equipment	2,048,915	-	-	2,048,915
Vehicles	2,754,729	87,066	-	2,841,795
Infrastructure	-	974,636	-	974,636
	<u>6,318,891</u>	<u>1,171,702</u>	<u>-</u>	<u>7,490,593</u>
Less Accumulated Depreciation				
Land Improvements	58,527	15,425	-	73,952
Buildings	670,693	19,567	-	690,260
Machinery and Equipment	1,464,667	99,010	-	1,563,677
Vehicles	2,043,335	84,630	-	2,127,965
Infrastructure	-	9,746	-	9,746
	<u>4,237,222</u>	<u>228,378</u>	<u>-</u>	<u>4,465,600</u>
Total Net Depreciable Capital Assets	<u>2,081,669</u>	<u>943,324</u>	<u>-</u>	<u>3,024,993</u>
Total Net Capital Assets	<u>3,545,992</u>	<u>943,324</u>	<u>876,203</u>	<u>3,613,113</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 25,037
Public Safety	154,764
Public Works	<u>48,577</u>
	<u>228,378</u>

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements
December 31, 2013

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	223,640	-	263,756
Improvements Other than Buildings	846,661	-	-	846,661
Waterworks and Reservoir System	1,011,968	-	-	1,011,968
Machinery and Equipment	655,991	-	-	655,991
	<u>2,554,736</u>	<u>223,640</u>	<u>-</u>	<u>2,778,376</u>
Less Accumulated Depreciation				
Buildings	17,855	2,731	-	20,586
Improvements Other than Buildings	581,260	30,901	-	612,161
Waterworks and Reservoir System	909,382	13,142	-	922,524
Machinery and Equipment	509,501	36,154	-	545,655
	<u>2,017,998</u>	<u>82,928</u>	<u>-</u>	<u>2,100,926</u>
Total Net Depreciable Capital Assets	<u>536,738</u>	<u>140,712</u>	<u>-</u>	<u>677,450</u>
Total Net Capital Assets	<u>553,855</u>	<u>140,712</u>	<u>-</u>	<u>694,567</u>

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

Water \$ 82,928

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements
December 31, 2013

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	\$ 137,310
General	Nonmajor Governmental	107,154
63rd Street and Archer Avenue TIF	General	1,116,672
63rd Street and Archer Avenue TIF	Nonmajor Governmental	17,625
Police Pension	General	302,294
Nonmajor Governmental	Nonmajor Governmental	<u>38,911</u>
		<u><u>1,719,966</u></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	\$ 55,000
General	Water	525,000
Nonmajor Governmental	63rd Street and Archer Avenue TIF	<u>60,000</u>
		<u><u>640,000</u></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, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

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
\$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.	\$ 74,000	-	74,000	-
\$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.	368,105	-	99,437	268,668
	442,105	-	173,437	268,668

TIF Redevelopment Bonds

The Village issues TIF redevelopment bonds to provide funds for TIF improvement and development costs. TIF redevelopment bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$650,000 Tax Increment Redevelopment Bonds of 2012, due in annual installments as incremental taxes are collected including interest at a rate of 4.90% through February 1, 2032.	\$ 650,000	-	-	650,000

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements
December 31, 2013

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
2014	\$ 90,851
2015	77,371
2016	44,364
2017	<u>4,762</u>
	217,348
Interest Portion	<u>(13,507)</u>
Principal Balance	<u><u>203,841</u></u>

The Village has entered into four separate lease agreements as lessee for financing the acquisition of E911 telephone system, street sweeper, motor grader and ambulance. Capital assets of \$145,079 have been added to machinery and equipment in the E911 Fund, \$90,000 and \$159,114 have been added to vehicles in the General Fund, and \$170,000 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, 2013**

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
Governmental Activities					
Compensated Absences	\$ 263,189	421,924	210,962	474,151	94,830
Net Pension Obligation	132,555	40,443	-	172,998	-
Net Other Post-Employment Benefit Plan	3,963,291	565,763	-	4,529,054	-
General Obligation Bonds	442,105	-	173,437	268,668	102,669
TIF Redevelopment Bonds	650,000	-	-	650,000	-
Capital Leases	292,638	-	88,797	203,841	82,856
	<u>5,743,778</u>	<u>1,028,130</u>	<u>473,196</u>	<u>6,298,712</u>	<u>280,355</u>
Business-Type Activities					
Compensated Absences	41,116	12,300	24,600	28,816	5,763
Net Other Post-Employment Benefit Plan	458,760	65,488	-	524,248	-
	<u>499,876</u>	<u>77,788</u>	<u>24,600</u>	<u>553,064</u>	<u>5,763</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, TIF redevelopment bonds and capital leases are made by the General, 63rd Place TIF, Motor Fuel Tax, and 911 ETS Funds.

VILLAGE OF SUMMIT, ILLINOIS

**Notes to the Financial Statements
December 31, 2013**

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	
	General Obligation Bonds	
	Principal	Interest
2014	\$ 102,669	13,327
2015	109,002	6,995
2016	56,997	1,002
Total	268,668	21,324

TIF Redevelopment Bonds are not included in the above Debt Service Requirements to Maturity chart, since payments are only made when incremental revenue is received by the Village.

Non-Commitment Debt

As of December 31, 2013, 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, 2013, 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, 2013, the Village had special service area vouchers payable outstanding for special service area number 5 in the amount of \$135,000 at 6.50%. The vouchers are due in annual installment with a final maturity on December 23, 2018. 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, 2013

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 - 2012	<u>\$ 146,191,987</u>
Legal Debt Limit - 8.625% of Assessed Value	12,609,059
Amount of Debt Applicable to Limit	
General Obligation Bonds	<u>(268,668)</u>
Legal Debt Margin	<u>12,340,391</u>

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2013:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 3,613,113
Less Capital Related Debt:	
General Obligation Bonds	(268,668)
Capital Leases Payable	<u>(203,841)</u>
Net Investment in Capital Assets	<u>3,140,604</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	694,567
Less Capital Related Debt:	<u>-</u>
Net Investment in Capital Assets	<u>694,567</u>

VILLAGE OF SUMMIT, ILLINOIS

**Notes to the Financial Statements
December 31, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION RESTATEMENT

Beginning net position of (\$1,078,960) for the governmental activities was increased \$876,204 due to an error in recognition of capital assets, resulting in restated beginning net position of (\$202,756).

FUND BALANCE 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	\$ -	-	227,876	227,876
Motor Fuel Tax	-	-	24,685	24,685
Community Development	-	1,532,899	39,936	1,572,835
Debt Service	-	-	159,694	159,694
Total Restricted	-	1,532,899	452,191	1,985,090
Unassigned	430,223	-	(55,727)	374,496
Total Fund Balances	430,223	1,532,899	396,464	2,359,586

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

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.

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements

December 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

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. 59th 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. 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, 2013

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 2013 used by the employer was 11.36 percent and annual required contribution rate for calendar year 2013 was 12.33 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 2013 used by the employer was 18.46 percent and annual required contribution rate for calendar year 2013 was 20.02 percent.

VILLAGE OF SUMMIT, ILLINOIS

**Notes to the Financial Statements
December 31, 2013**

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, 2012, the date of the most recent actuarial valuation, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	24
Current Employees Vested and Nonvested	<u>28</u>
	<u>52</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, 2013

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 Village 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 Village'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 plan net position available for retirement benefits (other than U.S. Government guaranteed obligations) invested in AXA Equitable of \$457,005, Pacific Life of \$714,922, Prudential Life of \$781,472, and Retirement Extra VA of \$885,686.

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, 2013**

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	\$ 227,561	20,913	248,474
Interest on the NPO	9,591	351	9,942
Adjustment to the ARC	<u>(6,857)</u>	<u>(252)</u>	<u>(7,109)</u>
Annual Pension Cost	230,295	21,012	251,307
Actual Contribution	<u>(191,581)</u>	<u>(19,283)</u>	<u>(210,864)</u>
Increase (Decrease) in the NPO	38,714	1,729	40,443
NPO Beginning of Year	<u>127,880</u>	<u>4,675</u>	<u>132,555</u>
NPO End of Year	<u>166,594</u>	<u>6,404</u>	<u>172,998</u>

VILLAGE OF SUMMIT, ILLINOIS

**Notes to the Financial Statements
December 31, 2013**

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	11.36%	18.46%	55.13%
Employee	4.50%	7.50%	9.91%
Actuarial Valuation Date	12/31/2013	12/31/2013	12/31/2012
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 Years	30 Years	28 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	6.50% Compounded Annually
Projected Salary Increases	0.4% to 10.0%	0.4% to 10.0%	4.0% to 11%
Inflation Rate Included	4.00%	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	1.25%

VILLAGE OF SUMMIT, ILLINOIS

**Notes to the Financial Statements
December 31, 2013**

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)	2011	\$ 202,994	\$ 21,453	\$ 1,486,169
	2012	209,080	14,537	1,161,210
	2013	230,295	21,012	1,409,198
Actual Contributions	2011	\$ 160,269	\$ 14,677	\$ 517,762
	2012	174,345	16,638	652,565
	2013	191,581	19,283	852,869
Percentage of APC Contributed	2011	78.95%	68.41%	34.84%
	2012	83.39%	114.45%	56.20%
	2013	83.19%	91.77%	60.52%
Net Pension Obligation	2011	\$ 93,145	\$ 6,776	\$ *
	2012	127,880	4,675	*
	2013	166,594	6,404	*

*Information for these years is not available.

VILLAGE OF SUMMIT, ILLINOIS

**Notes to the Financial Statements
December 31, 2013**

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	12/31/2013	12/31/2013	12/31/2012
Percent Funded	79.85%	49.53%	27.99%
Actuarial Accrued Liability for Benefits	\$5,128,965	\$272,087	\$28,290,259
Actuarial Value of Assets	\$4,095,412	\$134,754	\$7,917,317
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$1,033,553)	(\$137,333)	(\$20,372,942)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$1,854,609	\$104,461	\$2,555,936
Ratio of UAAL to Covered Payroll	55.73%	131.47%	797.08%

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, 2013

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, 2013, 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, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	40
Active Employees	<u>53</u>
Total	<u>93</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, 2013**

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, 2013, was actuarially calculated as follows:

Annual Required Contribution	\$ 1,636,622
Interest on the NOPEBO	221,103
Adjustment to the ARC	<u>(707,069)</u>
Annual OPEB Cost	1,150,656
Actual Contribution	<u>519,404</u>
Increase in the NOPEBO	631,252
NOPEBO - Beginning of Year	<u>4,422,051</u>
NOPEBO - End of Year	<u><u>5,053,303</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:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 2,040,419	\$ 672,628	32.97%	\$ 3,750,791
2012	1,152,190	480,930	41.74%	4,422,051
2013	1,150,656	519,404	45.14%	5,053,303

VILLAGE OF SUMMIT, ILLINOIS

Notes to the Financial Statements December 31, 2013

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, 2011, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 15,940,159
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	15,940,159
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-
Covered Payroll (Active Plan Members)	3,388,594
UAAL as a Percentage of Covered Payroll	470.41%

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, 2011 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, 2013, was 26 years.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Sheriff's Law Enforcement Program
 - Police Pension Fund
 - Other Post-Employment Benefit Plan

- Budgetary Comparison Schedules
 - General Fund
 - 63rd Street and Archer Avenue TIF – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF SUMMIT, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2013**

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)
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%
2012	3,751,009	5,029,465	74.58%	1,278,456	1,687,757	75.75%
2013	4,095,412	5,128,965	79.85%	1,033,553	1,854,609	55.73%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2012	174,345	207,088	84.19%
2013	191,581	227,561	84.19%

VILLAGE OF SUMMIT, ILLINOIS

Sheriff's Law Enforcement Program

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2013**

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 Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2012	102,703	225,587	45.53%	122,884	99,151	123.94%
2013	134,754	272,087	49.53%	137,333	104,461	131.47%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ -	\$ -	100.00%
2009	-	-	100.00%
2010	13,618	17,440	78.08%
2011	14,677	17,487	83.93%
2012	16,638	18,442	90.22%
2013	19,283	20,913	92.21%

VILLAGE OF SUMMIT, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2013**

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)
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%
2011	7,604,848	24,112,975	31.54%	16,508,127	2,256,158	731.69%
2012	7,917,317	28,290,259	27.99%	20,372,942	2,555,936	797.08%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2012	652,565	1,161,210	56.20%
2013	852,869	1,409,198	60.52%

VILLAGE OF SUMMIT, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2013**

Schedule of Funding Progress

Actuarial Valuation Date	(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)
December 31						
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	-	15,940,159	0.00%	15,940,159	3,388,594	470.41%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
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%
2012	480,930	1,515,391	31.74%
2013	519,404	1,636,622	31.74%

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
For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 5,303,000	5,303,000	5,381,043
Intergovernmental	1,487,000	1,487,000	1,558,725
Charges for Services	108,000	108,000	133,366
Licenses and Permits	1,160,250	1,160,250	1,095,428
Fines and Forfeits	642,000	642,000	868,521
Interest	1,500	1,500	280
Miscellaneous	733,000	733,000	712,444
Total Revenues	<u>9,434,750</u>	<u>9,434,750</u>	<u>9,749,807</u>
Expenditures			
Current			
General Government	3,500,785	3,500,785	3,240,367
Public Safety	5,371,418	5,371,418	5,093,223
Public Works	894,500	894,500	903,278
Community Development	217,800	217,800	287,762
Commuter Parking	500	500	-
Capital Outlay	10,000	10,000	-
Debt Service			
Principal Retirement	-	-	147,439
Interest and Fiscal Charges	-	-	24,455
Total Expenditures	<u>9,995,003</u>	<u>9,995,003</u>	<u>9,696,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(560,253)</u>	<u>(560,253)</u>	<u>53,283</u>
Other Financing Sources			
Disposal of Capital Assets	5,000	5,000	1,655
Transfers In	627,000	627,000	580,000
	<u>632,000</u>	<u>632,000</u>	<u>581,655</u>
Net Change in Fund Balance	<u>71,747</u>	<u>71,747</u>	634,938
Fund Balance - Beginning			<u>(204,715)</u>
Fund Balance - Ending			<u>430,223</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
For the Fiscal Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,100,000	1,100,000	556,977
Interest	1,500	1,500	730
Miscellaneous	-	-	10,833
Total Revenues	1,101,500	1,101,500	568,540
Expenditures			
Community Development			
Administrative Fees	35,000	35,000	25
Legal Fees	60,000	60,000	38,826
Development Costs	750,000	750,000	691,812
Total Expenditures	845,000	845,000	730,663
Excess (Deficiency) of Revenues Over (Under) Expenditures	256,500	256,500	(162,123)
Other Financing (Uses)			
Transfers Out	(25,000)	(25,000)	(115,000)
Net Change in Fund Balance	<u>231,500</u>	<u>231,500</u>	(277,123)
Fund Balance - Beginning			<u>1,810,022</u>
Fund Balance - Ending			<u><u>1,532,899</u></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.

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.

63rd Street and Archer Avenue TIF Fund

The 63rd 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.

63rd Place TIF Fund

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

59th Street TIF Fund

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

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.

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.

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
For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes			
General	\$ 2,100,000	2,100,000	2,054,688
Road and Bridge	33,000	33,000	30,197
Police Pension	900,000	900,000	831,088
Other			
Sales	1,180,000	1,180,000	1,374,369
Local Use	160,000	160,000	186,156
Utility Taxes	530,000	530,000	519,404
Telecommunication Taxes	380,000	380,000	328,232
Gaming Taxes	-	-	30,609
Other Taxes	20,000	20,000	26,300
	<u>5,303,000</u>	<u>5,303,000</u>	<u>5,381,043</u>
Intergovernmental			
Illinois State Income Tax	990,000	990,000	1,065,954
Illinois State Replacement Tax	125,000	125,000	172,416
Federal Grants	370,000	370,000	260,355
State Grants	2,000	2,000	60,000
	<u>1,487,000</u>	<u>1,487,000</u>	<u>1,558,725</u>
Charges for Services			
Commuter Parking	13,000	13,000	12,115
Security	20,000	20,000	36,804
Franchise Fees	75,000	75,000	84,447
	<u>108,000</u>	<u>108,000</u>	<u>133,366</u>
Licenses and Permits			
Licenses, Permits and Fees	405,250	405,250	421,208
Ambulance Fees	195,000	195,000	152,995
Sanitation Fees	560,000	560,000	521,225
	<u>1,160,250</u>	<u>1,160,250</u>	<u>1,095,428</u>
Fines and Forfeits			
Court Fines	75,000	75,000	73,908
Traffic Violations	310,000	310,000	618,767
Accident Reports	2,000	2,000	2,450

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Fines and Forfeits - Continued			
Damage to Village Property	\$ 5,000	5,000	15,296
Administrative Towing Fees	250,000	250,000	158,100
	<u>642,000</u>	<u>642,000</u>	<u>868,521</u>
Interest			
Investment Income	<u>1,500</u>	<u>1,500</u>	<u>280</u>
Miscellaneous			
Reimbursements	720,000	720,000	694,565
Other	13,000	13,000	17,879
	<u>733,000</u>	<u>733,000</u>	<u>712,444</u>
 Total Revenues	 <u>9,434,750</u>	 <u>9,434,750</u>	 <u>9,749,807</u>

VILLAGE OF SUMMIT, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2013**

	Budget		Actual
	Original	Final	
General Government			
Village President	\$ 25,350	25,350	25,299
Village Board	195,125	195,125	194,900
Village Clerk	82,125	82,125	52,245
Village Collector	7,000	7,000	8,646
Village Administrator	82,750	82,750	86,401
Community Services	11,210	11,210	165,916
Electricity	2,000	2,000	3,045
Telephone	12,500	12,500	12,454
Postage Meter	12,000	12,000	14,115
Legal	193,000	193,000	162,521
Treasurer	234,500	234,500	6,225
Health and Liquor	5,725	5,725	5,447
Municipal Retirement	410,000	410,000	463,166
Fire and Police Commission	4,500	4,500	8,855
Municipal Building	57,500	57,500	70,097
Public Liability Insurance	2,162,000	2,162,000	1,938,597
Enterprise Zone	3,500	3,500	987
Library Reimbursement	-	-	21,451
Total General Government	3,500,785	3,500,785	3,240,367
Public Safety			
Police Department			
Salaries	3,051,761	3,051,761	3,053,974
Office Supplies	6,000	6,000	3,655
Contribution to Police Pension Fund	1,100,000	1,100,000	852,869
Uniform Allowance	20,000	20,000	39,210
Municipal Systems	25,000	25,000	19,858
Computer Software	65,000	65,000	19,070
Training and Schooling	5,000	5,000	6,272
Gas and Oil	120,000	120,000	112,165
Vehicle Maintenance	50,000	50,000	55,473
Weapons and Ammunition	500	500	-
Legal Notices	500	500	-

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Alerts and Alocs Communication System	\$ 11,250	11,250	6,780
Maintenance Communication System	3,000	3,000	3,133
Purchase of Radio Equipment	2,400	2,400	-
Purchase/Lease of New Cars	35,000	35,000	29,995
Medical Supplies	250	250	547
Cellular Phones	3,500	3,500	4,840
Professional Dues and Periodicals	500	500	285
Operating Supplies	6,000	6,000	7,437
Traffic Court Refund	2,500	2,500	1,780
Contingent Expenditures	2,500	2,500	8,428
Prisoner Meals	1,500	1,500	940
Animal Hospital	750	750	1,810
Copiers	3,700	3,700	4,020
Educational Reimbursement	5,000	5,000	-
Vehicle Equipment	500	500	-
Evidence Supplies	3,000	3,000	-
Less than Lethal	3,162	3,162	-
	<u>4,528,273</u>	<u>4,528,273</u>	<u>4,232,541</u>
Fire Department			
Salaries	91,500	91,500	91,837
Fire Runs	293,550	293,550	287,587
Fire Call Back	-	-	23,115
Fire Prevention Material	1,000	1,000	1,241
Fire Fighting Supplies	8,000	8,000	9,081
Uniform Expenditures	3,000	3,000	345
Equipment - Containment	8,000	8,000	9,540
Pagers/Cell Phones	1,200	1,200	1,824
Gas and Oil	14,000	14,000	12,671
Fire Apparatus Maintenance	46,000	46,000	53,385
Equipment Lease Purchase	30,000	30,000	31,091
Dues and Professional Materials	500	500	200
Office Supply	650	650	622
Computer Expenditures	5,000	5,000	1,025
Conference Expenditures	1,000	1,000	2,280
Miscellaneous Expenditures	1,000	1,000	958
	<u>504,400</u>	<u>504,400</u>	<u>526,802</u>

VILLAGE OF SUMMIT, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2013**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Ambulance			
Salaries	\$ 278,770	278,770	302,453
Medical Supplies	6,500	6,500	9,334
Uniform Expenditures	1,500	1,500	1,889
Training	175	175	143
Dues	250	250	-
Gas and Oil	4,000	4,000	6,390
Vehicle Maintenance	5,000	5,000	4,936
Office Supplies	250	250	357
Purchase of Equipment	39,000	39,000	1,500
Cellular Phones	1,800	1,800	3,101
Computer Expenditures	1,400	1,400	3,777
Miscellaneous	100	100	-
	<u>338,745</u>	<u>338,745</u>	<u>333,880</u>
Total Public Safety	<u>5,371,418</u>	<u>5,371,418</u>	<u>5,093,223</u>
Public Works			
Streets, Bridges and Alleys			
Salaries	173,050	173,050	220,092
Medical Testing	100	100	294
Engineering Services	5,000	5,000	246
Equipment Maintenance and Supplies	10,000	10,000	15,475
Operating Supplies	250	250	22
Gasoline and Oil	45,000	45,000	39,427
Maintenance of Street Equipment	15,000	15,000	13,993
Ally Maintenance	2,000	2,000	-
Parkway Maintenance	35,000	35,000	12,696
Purchase of Equipment	25,000	25,000	-
Speed Bumps	150	150	-
Contingent Expenditures	1,000	1,000	502
Vermin Control	1,500	1,500	2,076
Uniforms	1,500	1,500	2,349
Sewer Maintenance	3,000	3,000	1,480
Storage Yard Rental	3,000	3,000	3,000
	<u>320,550</u>	<u>320,550</u>	<u>311,652</u>

VILLAGE OF SUMMIT, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2013**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Building Inspector			
Salaries	\$ 56,000	56,000	60,215
Phones	1,500	1,500	2,122
Office Equipment and Supplies	1,000	1,000	1,315
Inspection Expenditures	7,500	7,500	6,960
Community Service Officer	36,000	36,000	39,560
Computer Expenditures	2,500	2,500	3,020
Seminar	500	500	553
Demolition	5,000	5,000	3,172
Dues and Subscriptions	200	200	-
Auto Expenditures	500	500	8,339
Contingent	500	500	298
	<u>111,200</u>	<u>111,200</u>	<u>125,554</u>
Garbage Department			
Dumping	<u>462,750</u>	<u>462,750</u>	<u>466,072</u>
Total Public Works	<u>894,500</u>	<u>894,500</u>	<u>903,278</u>
Community Development			
Community Development			
Salaries	7,000	7,000	7,019
Legal Notices	2,500	2,500	1,092
Office Supplies	250	250	-
Travel and Mileage	150	150	-
Conferences and Seminars	150	150	-
Contingency Expenditures	250	250	282
Engineering	5,000	5,000	20,241
Village Match for CDBG Grant Expenditures	200,000	200,000	258,673
Court Reporter	1,500	1,500	455
Computer Expenditures	1,000	1,000	-
Total Community Development	<u>217,800</u>	<u>217,800</u>	<u>287,762</u>

VILLAGE OF SUMMIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Commuter Parking Maintenance	\$ 500	500	-
Capital Outlay	10,000	10,000	-
Debt Service			
Principal Retirement	-	-	147,439
Interest and Fiscal Charges	-	-	24,455
Total Debt Service	-	-	171,894
Total Expenditures	9,995,003	9,995,003	9,696,524

VILLAGE OF SUMMIT, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
December 31, 2013**

	Community Development	Drug	Special 911 ETS
ASSETS			
Cash and Investments	\$ -	189,848	-
Restricted Cash and Investments	-	-	38,028
Receivables - Net of Allowances			
Taxes	-	-	-
Due from Other Funds	-	-	-
	<hr/>		
Total Assets	-	189,848	38,028
	<hr/> <hr/>		
LIABILITES			
Accounts Payable	-	-	-
Due to Other Funds	31,355	-	-
Total Liabilities	31,355	-	-
	<hr/> <hr/>		
FUND BALANCES			
Restricted	-	189,848	38,028
Unassigned	(31,355)	-	-
Total Fund Balances	(31,355)	189,848	38,028
	<hr/> <hr/>		
Total Liabilities and Fund Balances	-	189,848	38,028
	<hr/> <hr/>		

Revenue				Debt Service	Total
Motor Fuel Tax	63rd Place TIF	59th Street TIF	Bond and Interest		
73,253	32,164	1,025	159,694	455,984	
-	-	-	-	38,028	
27,661	-	-	-	27,661	
-	-	38,911	-	38,911	
100,914	32,164	39,936	159,694	560,584	
430	-	-	-	430	
75,799	56,536	-	-	163,690	
76,229	56,536	-	-	164,120	
24,685	-	39,936	159,694	452,191	
-	(24,372)	-	-	(55,727)	
24,685	(24,372)	39,936	159,694	396,464	
100,914	32,164	39,936	159,694	560,584	

VILLAGE OF SUMMIT, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2013

	Community Development	Drug	Special 911 ETS
Revenues			
Property Taxes	\$ -	-	-
Intergovernmental	-	90,487	-
Charges for Services	-	-	89,338
Interest	-	712	10
Total Revenues	<u>-</u>	<u>91,199</u>	<u>89,348</u>
Expenditures			
Current			
Public Safety	-	8,617	89,771
Public Works	-	-	-
Community Development	-	-	-
Capital Outlay	-	69,206	49,833
Debt Service			
Principal Retirement	-	-	22,482
Interest and Fiscal Charges	-	-	1,388
Total Expenditures	<u>-</u>	<u>77,823</u>	<u>163,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	13,376	(74,126)
Other Financing Sources			
Transfers In	-	-	-
Net Change in Fund Balances	-	13,376	(74,126)
Fund Balances - Beginning	<u>(31,355)</u>	<u>176,472</u>	<u>112,154</u>
Fund Balances - Ending	<u>(31,355)</u>	<u>189,848</u>	<u>38,028</u>

Revenue				Debt Service	
Motor Fuel Tax	63rd Place TIF	59th Street TIF	Bond and Interest	Total	
-	-	27,704	473	28,177	
316,659	-	-	-	407,146	
-	-	-	-	89,338	
5	19	7	-	753	
316,664	19	27,711	473	525,414	
-	-	-	-	98,388	
163,425	-	-	-	163,425	
-	1,927	47,797	-	49,724	
608	-	-	-	119,647	
92,313	-	-	-	114,795	
7,418	23,888	-	-	32,694	
263,764	25,815	47,797	-	578,673	
52,900	(25,796)	(20,086)	473	(53,259)	
-	20,000	40,000	-	60,000	
52,900	(5,796)	19,914	473	6,741	
(28,215)	(18,576)	20,022	159,221	389,723	
24,685	(24,372)	39,936	159,694	396,464	

VILLAGE OF SUMMIT, ILLINOIS

911 ETS - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Charges for Services			
Deposits	\$ 135,000	135,000	89,338
Interest	100	100	10
Total Revenues	<u>135,100</u>	<u>135,100</u>	<u>89,348</u>
Expenditures			
Public Safety			
Ameritech	42,000	42,000	84,445
Membership Fees	-	-	4,500
Contingent	500	-	826
Capital Outlay	65,000	65,000	49,833
Debt Service			
Principal Retirement	-	-	22,482
Interest and Fiscal Charges	-	-	1,388
Total Expenditures	<u>107,500</u>	<u>107,000</u>	<u>163,474</u>
Net Change in Fund Balance	<u>27,600</u>	<u>28,100</u>	(74,126)
Fund Balance - Beginning			<u>112,154</u>
Fund Balance - Ending			<u>38,028</u>

VILLAGE OF SUMMIT, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
State Allotment	\$ -	-	316,659
Interest	-	-	5
Total Revenues	-	-	316,664
Expenditures			
Public Works			
Engineering	50,000	50,000	8,206
Street Lighting	88,500	88,500	98,385
Street Signs	400	400	7,803
Repair Street Lights	16,000	16,000	18,388
Salt	25,000	25,000	13,610
Legal Notices	100	100	339
Maintenances	41,000	41,000	16,694
Capital Outlay	12,000	12,000	608
Debt Service			
Principal Retirement	-	-	92,313
Interest and Fiscal Charges	-	-	7,418
Total Expenditures	233,000	233,000	263,764
Excess (Deficiency) of Revenues Over (Under) Expenditures	(233,000)	(233,000)	52,900
Other Financing (Uses)			
Transfer Out	(12,500)	(12,500)	-
Net Change in Fund Balance	(245,500)	(245,500)	52,900
Fund Balance - Beginning			(28,215)
Fund Balance - Ending			24,685

VILLAGE OF SUMMIT, ILLINOIS

59th Street TIF - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 5,000	5,000	27,704
Interest	-	-	7
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>27,711</u>
Expenditures			
Community Development			
Legal Notices	-	-	47,797
Development Costs	3,500	3,500	-
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>47,797</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500	1,500	(20,086)
Other Financing Sources			
Transfers In	-	-	40,000
Net Change in Fund Balance	<u>1,500</u>	<u>1,500</u>	19,914
Fund Balance - Beginning			<u>20,022</u>
Fund Balance - Ending			<u><u>39,936</u></u>

VILLAGE OF SUMMIT, ILLINOIS

Water - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,906,000	2,906,000	2,759,396
Miscellaneous	5,000	5,000	462
Total Operating Revenues	<u>2,911,000</u>	<u>2,911,000</u>	<u>2,759,858</u>
Operating Expenses			
Operations	2,368,540	2,368,540	2,280,213
Depreciation	-	-	82,928
Total Operating Expenses	<u>2,368,540</u>	<u>2,368,540</u>	<u>2,363,141</u>
Operating Income	<u>542,460</u>	<u>542,460</u>	<u>396,717</u>
Nonoperating Revenues (Expenses)			
Interest Income	100	100	168
Interest and Fiscal Charges	(7,000)	(7,000)	-
	<u>(6,900)</u>	<u>(6,900)</u>	<u>168</u>
Income Before Transfers	535,560	535,560	396,885
Transfers Out	<u>(525,000)</u>	<u>(525,000)</u>	<u>(525,000)</u>
Change in Net Position	<u>10,560</u>	<u>10,560</u>	(128,115)
Net Position - Beginning			<u>910,317</u>
Net Position - Ending			<u>782,202</u>

VILLAGE OF SUMMIT, ILLINOIS

Water - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Operations			
Source of Water			
Water Purchases	\$ 1,236,250	1,236,250	1,089,631
Electricity - Water Pumps	25,000	25,000	23,340
Repairs and Maintenance			
Salaries			
Foreman	69,000	69,000	70,968
Assistant Foreman	66,700	66,700	69,066
Equipment Operators	425,000	425,000	456,673
Overtime Wages	55,000	55,000	73,096
Maintenance and Repairs			
Building	50,000	50,000	39,206
Trucks	5,000	5,000	4,098
Equipment	3,500	3,500	-
System	60,000	60,000	55,246
Gas and Oil	20,000	20,000	19,205
Engineering	2,500	2,500	25,829
Leak Detection	15,000	15,000	20,860
Purchase of Water Meters	12,000	12,000	17,488
Equipment	85,000	85,000	29,590
Contingency and Testing	12,000	12,000	13,755
Medical Testing	500	500	1,229
Supplies	12,250	12,250	17,532
Sewer Maintenance	9,000	9,000	32,171
Tower Maintenance	1,500	1,500	905
Refunds	350	350	682
Administrative			
Salaries			
Superintendent	68,960	68,960	67,246
Clerk	45,270	45,270	60,117
Meter Reader	64,260	64,260	63,914
Office Supplies	500	500	622
Telephone	3,000	3,000	5,699
Pagers/Radios	-	-	800
Training	2,500	2,500	336
Postage	3,500	3,500	3,216
Accounting	9,000	9,000	11,934

VILLAGE OF SUMMIT, ILLINOIS

Water - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2013

	Budget		Actual
	Original	Final	
Operations - Continued			
Administrative - Continued			
Dues	\$ 5,000	5,000	5,000
Permits	1,000	1,000	759
Total Operations	2,368,540	2,368,540	2,280,213
Depreciation	-	-	82,928
Total Operating Expenses	2,368,540	2,368,540	2,363,141

VILLAGE OF SUMMIT, ILLINOIS

SSA #5 - Agency Fund

**Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended December 31, 2013**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
ASSETS				
Cash	<u>\$ 64,619</u>	<u>30,837</u>	<u>33,294</u>	<u>62,162</u>
LIABILITIES				
Due to Bondholders	<u>64,619</u>	<u>30,837</u>	<u>33,294</u>	<u>62,162</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF SUMMIT, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation (Senior Lien) Note of 2011
December 31, 2013**

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 LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 102,669	13,327	115,996
2015	109,002	6,995	115,997
2016	56,997	1,002	57,999
	<u>268,668</u>	<u>21,324</u>	<u>289,992</u>

VILLAGE OF SUMMIT, ILLINOIS

**Five Year Summary of Assessed Valuations, Tax Rates, Extensions and Collections - by Tax Levy Year
December 31, 2013**

	2008	2009	2010	2011	2012
Assessed Valuation	\$ 198,306,207	199,098,851	197,356,044	159,668,771	146,191,987
Rates					
Corporate	0.3140	0.3140	0.3242	0.4086	0.4195
Bond and Interest	0.0605	0.0600	0.0607	0.0088	0.0000
Garbage	0.1060	0.1062	0.1044	0.0000	0.0000
Police Pension	0.2524	0.2524	0.2610	0.4218	0.6139
Fire Protection	0.1010	0.1009	0.1044	0.0807	0.0907
Police Protection	0.3534	0.3534	0.3839	0.5156	0.5809
Liability Insurance	0.3230	0.3222	0.3282	0.4669	0.4263
Total	1.5103	1.5091	1.5668	1.9024	2.1313
Tax Extensions					
Corporate	622,681	625,170	639,828	652,406	613,275
Bond and Interest	120,002	119,370	119,891	14,114	-
Garbage	210,204	211,442	206,039	-	-
Police Pension	500,524	502,525	515,099	673,482	897,472
Fire Protection	200,289	200,890	206,039	128,852	132,596
Police Protection	700,814	703,615	757,649	823,252	849,229
Liability Insurance	640,529	641,496	647,722	745,493	623,216
Total	2,995,043	3,004,508	3,092,267	3,037,599	3,115,788
Total Collected	2,775,497	2,814,427	3,013,970	2,921,973	2,916,446
Percentage Collected	92.67%	93.67%	97.47%	96.19%	93.60%