

VILLAGE OF SUMMIT
Summit, Illinois

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2009

VILLAGE OF SUMMIT

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INDEPENDENT AUDITORS' REPORT

President and Board of Trustees
Village of Summit
7321 West 59th Street
Summit, Illinois 60501

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, 2009, which collectively comprise Village of Summit's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Summit's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Village of Summit Police Pension Fund which represents 89%, 93%, and 54%, respectively, of the assets, equity and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Pension Fund, is based on the report of the other auditors.

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

As described in IV A., 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 exceeds the accumulated contributions. The effects of those departures on the financial statements are not reasonably determinable. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

In our opinion, based upon our report and the report of others, 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I B., the Village adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, effective January 1, 2009.

President and Board of Trustees
Village of Summit

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Summit's basic financial statements. The supplementary information and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. We also have previously audited, in accordance with auditing standards generally accepted in the United States, Village of Summit's basic financial statements for the year ended December 31, 2008, which are not presented with the accompanying financial statements. In our report dated September 4, 2009, we expressed qualified opinions, due to the financial statements not disclosing the composition of the net pension obligation, on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. However, we did not audit the financial statements of the Village of Summit Police Pension Fund which represented 84%, 89% and (37)%, respectively, of the assets, equity and revenues of the aggregate remaining fund information. In our opinion, the 2008 supplementary information is fairly stated, in all material respects in relation to the basic financial statements for the year ended December 31, 2008, taken as a whole.

Baker Tilly Vinchow Krause, LLP

Oak Brook, Illinois
October 11, 2010

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

(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, 2009. The management of the village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the village's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > The assets of the village exceeded its liabilities at the close of the most recent fiscal year by \$3,792 thousand (net assets). The village currently has a deficit in its unrestricted assets and is currently evaluating options to fund operations on an unrestricted basis.
- > In total, net assets decreased by \$1,091 thousand. This represents a 22.5% decrease from 2008. This decrease is due to increases in personnel costs and declines in revenues seen by the village.
- > As of the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$2.4 million, a decrease of \$422 thousand in comparison with the prior year. The village has overspent its undesignated fund balance by approximately \$68 thousand in the general fund. It is the village's intention to fund the deficit in future years.
- > General revenues accounted for \$7.1 million in revenue or 74.4% of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$ 2.5 million or 25.6% of total governmental revenues.
- > The village had \$11.1 million in expenses related to government activities. However, only \$2.5 million of these expenses were offset by program specific charges and grants.
- > At the end of the current fiscal year, unreserved fund balance for the General Fund was (\$67,651).
- > The village's total bonds decreased by \$165,000 during the current year but increased \$405,755 in short term debt.

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

(Unaudited)

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

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

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

Fund financial statements

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

Governmental funds

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

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 2 major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the 63rd St. 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 statement has been provided for each major fund to demonstrate compliance with this budget.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

(Unaudited)

Proprietary funds

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

Fiduciary funds

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

Notes to basic financial statements

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

Other information

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

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2009 (Unaudited)

Government-Wide Financial Analysis

<i>Table 1 Condensed Statements of Net Assets (in thousands of dollars)</i>						
	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Assets						
Current and other assets	\$ 7,698	\$ 7,832	\$ 400	\$ 473	\$ 8,098	\$ 8,305
Capital Assets	<u>2,801</u>	<u>2,636</u>	<u>689</u>	<u>447</u>	<u>3,490</u>	<u>3,083</u>
Total assets	<u>10,499</u>	<u>10,468</u>	<u>1,089</u>	<u>920</u>	<u>11,588</u>	<u>11,388</u>
Liabilities						
Long-term liabilities	2,144	1,175	236	163	2,380	1,338
Other liabilities	<u>5,174</u>	<u>4,905</u>	<u>242</u>	<u>262</u>	<u>5,416</u>	<u>5,167</u>
Total liabilities	<u>7,318</u>	<u>6,080</u>	<u>478</u>	<u>425</u>	<u>7,796</u>	<u>6,505</u>
Net assets						
Invested in capital assets, net of related debt	2,504	2,421	613	337	3,117	2,758
Restricted	2,492	2,312	-	-	2,492	2,312
Unrestricted	<u>(1,815)</u>	<u>(345)</u>	<u>(2)</u>	<u>158</u>	<u>(1,817)</u>	<u>(187)</u>
Total net assets	<u>\$ 3,181</u>	<u>\$ 4,388</u>	<u>\$ 611</u>	<u>\$ 495</u>	<u>\$ 3,792</u>	<u>\$ 4,883</u>

Normal Impacts

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

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

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

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

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

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

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

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

(Unaudited)

Current Year Impacts

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the village, total net assets decreased by \$1,091 thousand from \$4,883 thousand to \$3,792 thousand. The village's total assets equal \$11,588 thousand. The village's total liabilities equal \$7,796 thousand.

The village experienced decreased current and other assets due to a decrease in its cash and investments. In addition, the long-term liabilities increased due to the addition of the other post-employment benefit obligation accrued related to retirees health insurance.

A portion of the net assets of the governmental activities is restricted for street maintenance, road improvements, and special assessments. The unrestricted combined balance, for both governmental and business type activities is \$(1,817) thousand.

<i>Table 2 Condensed Statements of Activities (in thousands of dollars)</i>						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>2009</u>	<u>2008</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
<i>Program revenues</i>						
Charges for services	\$ 1,511	\$ 1,628	\$ 2,094	\$ 2,044	\$ 3,605	\$ 3,672
Operating grants and contributions	942	691	-	-	942	691
Capital grants and contributions	-	213	-	-	-	213
<i>General revenues</i>						
Property taxes	3,786	3,522	-	-	3,786	3,522
Other taxes	2,109	1,615	-	-	2,109	1,615
Intergovernmental	1,023	1,187	-	-	1,023	1,187
Other general revenues	<u>217</u>	<u>763</u>	<u>-</u>	<u>-</u>	<u>217</u>	<u>763</u>
Total revenues	<u>9,588</u>	<u>9,619</u>	<u>2,094</u>	<u>2,044</u>	<u>11,682</u>	<u>11,663</u>
Expenses						
General government	3,433	3,253	-	-	3,433	3,253
Public safety	5,111	4,688	-	-	5,111	4,688
Public works	1,447	1,391	-	-	1,447	1,391
Community development	1,012	1,240	-	-	1,012	1,240
Interest and fees	63	61	-	-	63	61
Water	<u>-</u>	<u>-</u>	<u>1,707</u>	<u>1,641</u>	<u>1,707</u>	<u>1,641</u>
Total expenses	<u>11,066</u>	<u>10,633</u>	<u>1,707</u>	<u>1,641</u>	<u>12,773</u>	<u>12,274</u>

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2009 (Unaudited)

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Change in net assets before transfers and contributions	(1,478)	(1,014)	387	403	(1,091)	(611)
Transfers and contributions	<u>271</u>	<u>351</u>	<u>(271)</u>	<u>(351)</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,207)	(663)	116	52	(1,091)	(611)
Net assets, beginning of year	<u>4,388</u>	<u>5,051</u>	<u>495</u>	<u>443</u>	<u>4,883</u>	<u>5,494</u>
Net assets end of year	<u>\$ 3,181</u>	<u>\$ 4,388</u>	<u>\$ 611</u>	<u>\$ 495</u>	<u>\$ 3,792</u>	<u>\$ 4,883</u>

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.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

(Unaudited)

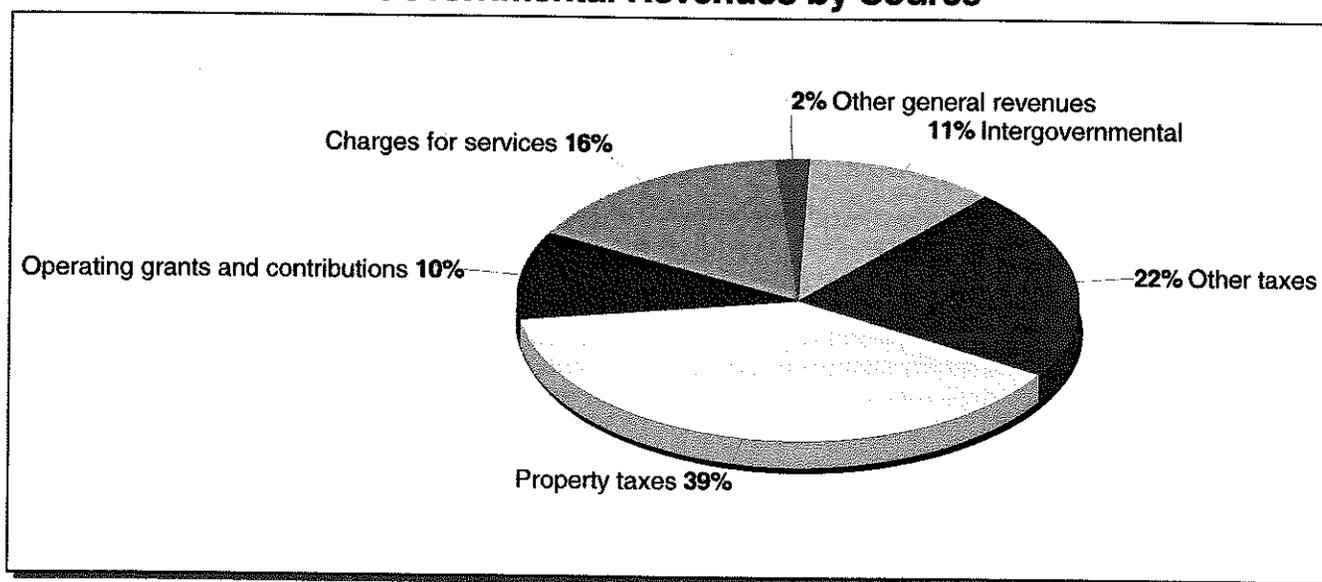
Inflation – while overall inflation appears to be reasonably modest, the village is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

The Governmental Activities experienced an increase in revenue due to increased receipt of other taxes; mainly sales and income taxes. This increase offsets by an increase in personnel costs resulted in a decrease in net assets to \$3.2 million compared to \$4.4 million in the prior fiscal year. Overall, the village's financial position has declined since the prior fiscal year.

Governmental Activities

Governmental Revenues by Source



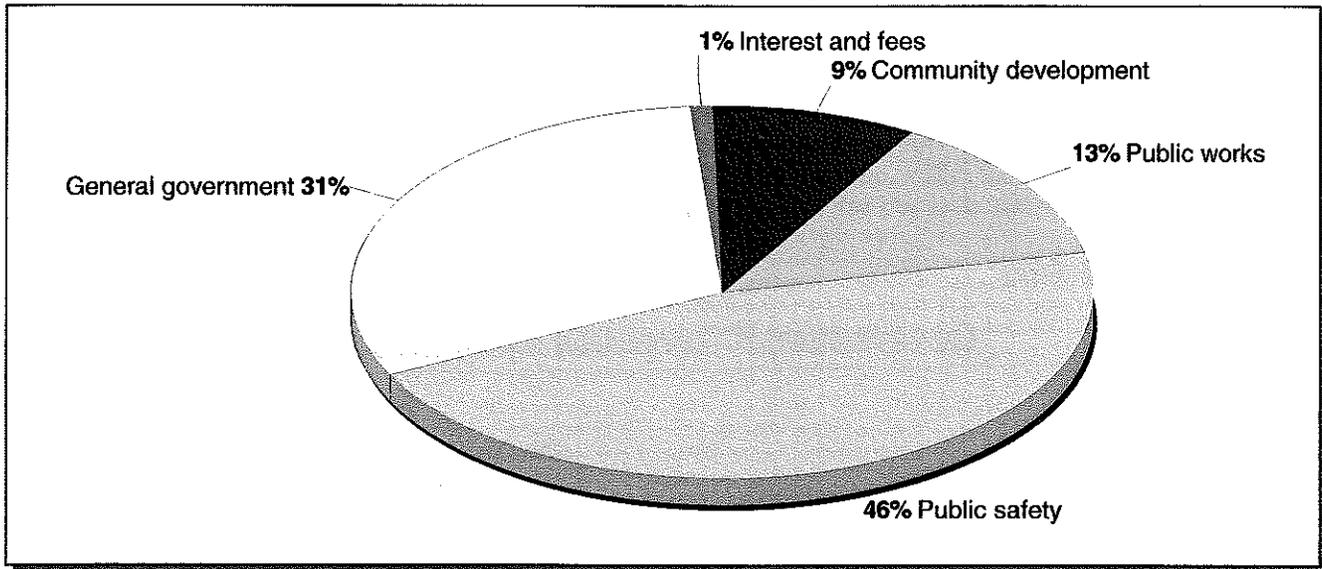
Revenues

The village experienced a decrease in revenue for this fiscal year. This decrease in revenues amounted to \$31,000. This decrease in revenues was directly related to decreased sales tax collection. Other contributing factors for the increase were also from the collection of state shared revenues of State Income Tax, Municipal Utility Tax, and the Motor Fuel Allotment. These receipts decreased as a result of the worsening in the State's economy.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2009
(Unaudited)

Governmental Expenses by Function



Expenses

The village's overall expenses in the current fiscal year increased over the previous year by \$433,000. Increases in Health insurance, liability insurance and personnel costs were the result of this increase. In the current year, the village's expenses in public safety increased due to the salary increases in this area.

Financial Analysis of the village's Funds

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

Governmental Funds: The focus of the Village of Summit'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 of Summit's financing requirements.

As of the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$2,395 thousand, a decrease of \$421 thousand in comparison with the prior year. All of which is available for spending at the government's discretion (unreserved fund balance) within their respective fund types. Revenues decreased by \$80 thousand. This net decrease was caused by fluctuations in various revenue line items including property taxes, intergovernmental revenues, fines and traffic violations and licenses, permits and fees. The village's decreased expenses by \$165 thousand. This decline is due to cost saving efforts made by the village and reduction in costs made by the TIF fund.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2009 (Unaudited)

General Fund Budgetary Highlights

The village approves its budget in December prior to the beginning of the budget year. For the 2009 year, the budget was passed in December 2008 and no amendments were approved. In the current year, the village has seen significant declines in its state revenues such as sales taxes, income taxes and telecommunication taxes. These declines are due to the continued economic downturn seen. The General fund revenues came in at a deficit to budget of approximately \$1.0 million. The village continues to see declines in the building licenses and permits.

Expenditures actual were less than budget by approximately \$768 thousand. The cost savings by the village were due to a grant not getting underway prior to the end of the fiscal year and other cost saving measures by the village personnel. The village saw savings in liability insurance and savings in the area of retirement accounts.

Capital Assets and Debt Administration

Capital assets

By the end of 2009, the village had compiled a total investment of \$8,920 thousand (\$3,490 thousand net of accumulated depreciation) in a broad range of capital assets. Total depreciation expense for the year was \$315. More detailed information about capital assets can be found in Note III D. of the basic financial statements.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>2009</u>	<u>2008</u>
	2009	2008	2009	2008	2009	2008
Land	\$ 651	\$ 588	\$ 17	\$ 17	\$ 668	\$ 605
Construction in progress	-	16	-	-	-	16
Buildings	645	669	24	24	669	693
Land improvements	54	58	-	-	54	58
Improvements other than buildings	-	-	262	128	262	128
Waterworks and reservoir system	-	-	161	14	161	14
Vehicles	755	863	-	-	755	853
Machinery	696	452	225	264	921	716
Total	\$ 2,801	\$ 2,646	\$ 689	\$ 447	\$ 3,490	\$ 3,083

Debt Administration

The debt administration discussion covers two types of debt reported by the village's financial statements. The village's governmental activities include general obligation bonds, notes payable, capital leases, alternative revenue bond, compensated absences and other post employment benefits. Overall, the village's governmental activities report a total debt of \$2.1 million. The village began the fiscal year with a balance of \$1.2 million in debt, reduced debt by \$1,000 thousand, and incurred \$2,032 thousand in debt, leaving a December 31, 2009 debt balance of \$2.1 million. More detailed information about debt administration can be found in Note III G. of the basic financial statements.

VILLAGE OF SUMMIT

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2009 (Unaudited)

Table 4 Long-Term Debt (In thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 229	\$ 332	\$ -	\$ -	\$ 229	\$ 332
Alternative revenue bonds	278	340	-	-	278	340
Notes and other long-term liabilities	<u>1,637</u>	<u>503</u>	<u>236</u>	<u>163</u>	<u>1,873</u>	<u>666</u>
Total	<u>\$ 2,144</u>	<u>\$ 1,175</u>	<u>\$ 236</u>	<u>\$ 163</u>	<u>\$ 2,380</u>	<u>\$ 1,338</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 District created in 2003. This TIF is developing a new residential areas.

Management continues to closely manage costs. For fiscal year 2010, the village requested of all unions a 4% concession to assist with the reductions in revenues seen by the village. 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 cause the pension funds to require additional funding due to poor investment returns.

Requests for Information

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

Office of the Village Hall Administration
Village of Summit
7321 West 59th Street
Summit, Illinois 60501

VILLAGE OF SUMMIT

STATEMENT OF NET ASSETS December 31, 2009

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 2,705,388	\$ 271,384	\$ 2,976,772
Receivables (net)			
Property taxes	4,110,255	-	4,110,255
Other taxes	435,425	-	435,425
Intergovernmental	305,166	-	305,166
Accounts	-	231,230	231,230
Internal balances	101,859	(101,859)	-
Restricted assets			
Cash and investments	40,017	-	40,017
Capital assets (net of accumulated depreciation)			
Land	650,745	17,117	667,862
Other capital assets, net of depreciation	<u>2,150,410</u>	<u>671,446</u>	<u>2,821,856</u>
Total Assets	<u>10,499,265</u>	<u>1,089,318</u>	<u>11,588,583</u>
LIABILITIES			
Accounts payable	165,407	85,568	250,975
Accrued payroll	61,508	10,723	72,231
Payroll liabilities	80,426	-	80,426
Other payable	11,518	-	11,518
Deposits payable	61,127	145,348	206,475
Tax anticipation warrants	510,985	-	510,985
Unearned revenue	3,928,726	-	3,928,726
Due to other governmental units	64,586	-	64,586
Pensions contributions payable	289,902	-	289,902
Noncurrent liabilities			
Due within one year	596,679	71,246	667,925
Due in more than one year	<u>1,547,061</u>	<u>165,518</u>	<u>1,712,579</u>
Total Liabilities	<u>7,317,925</u>	<u>478,403</u>	<u>7,796,328</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,503,931	612,853	3,116,784
Restricted for			
Debt service	151,154	-	151,154
Public safety	388,139	-	388,139
Road improvement	44,481	-	44,481
Community development	1,908,583	-	1,908,583
Unrestricted	<u>(1,814,948)</u>	<u>(1,938)</u>	<u>(1,816,886)</u>
TOTAL NET ASSETS	<u>\$ 3,181,340</u>	<u>\$ 610,915</u>	<u>\$ 3,792,255</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2009

<u>Functions/Programs</u>	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 3,432,910	\$ 532,057	\$ -
Public safety	5,111,357	519,900	501,606
Public works	1,446,715	459,181	349,470
Community development	1,011,943	-	91,071
Interest and fiscal charges	62,840	-	-
Total Governmental Activities	11,065,765	1,511,138	942,147
Business-type Activities			
Water	1,707,587	2,094,262	-
Total Business-type Activities	1,707,587	2,094,262	-
Total	\$ 12,773,352	\$ 3,605,400	\$ 942,147

General Revenues

Taxes

Property taxes

Sales taxes

Local use

Telecommunications taxes

Utility taxes

Other taxes

Intergovernmental

State income tax

Personal property replacement tax

Interest income

Miscellaneous

Total General Revenues

Transfers and capital contributions

Total General Revenues and Transfers

Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,900,853)	\$ -	\$ (2,900,853)
(4,089,851)	-	(4,089,851)
(638,064)	-	(638,064)
(920,872)	-	(920,872)
<u>(62,840)</u>	<u>-</u>	<u>(62,840)</u>
<u>(8,612,480)</u>	<u>-</u>	<u>(8,612,480)</u>
-	386,675	386,675
-	<u>386,675</u>	<u>386,675</u>
<u>(8,612,480)</u>	<u>386,675</u>	<u>(8,225,805)</u>
3,785,503	-	3,785,503
1,005,410	-	1,005,410
133,878	-	133,878
405,204	-	405,204
523,006	-	523,006
42,104	-	42,104
864,581	-	864,581
158,119	-	158,119
8,435	128	8,563
<u>208,789</u>	<u>-</u>	<u>208,789</u>
<u>7,135,029</u>	<u>128</u>	<u>7,135,157</u>
<u>270,567</u>	<u>(270,567)</u>	<u>-</u>
<u>7,405,596</u>	<u>(270,439)</u>	<u>7,135,157</u>
(1,206,884)	116,236	(1,090,648)
<u>4,388,224</u>	<u>494,679</u>	<u>4,882,903</u>
<u>\$ 3,181,340</u>	<u>\$ 610,915</u>	<u>\$ 3,792,255</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2009

	General	Special Revenues 63rd St. And Archer Ave TIF	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 632,724	\$ 1,381,781	\$ 690,883	\$ 2,705,388
Receivables (net)				
Property taxes	2,945,889	1,049,593	114,773	4,110,255
Other taxes	435,425	-	-	435,425
Intergovernmental	283,285	-	21,881	305,166
Due from other funds	101,859	454,327	-	556,186
Restricted cash	-	-	40,017	40,017
TOTAL ASSETS	<u>\$ 4,399,182</u>	<u>\$ 2,885,701</u>	<u>\$ 867,554</u>	<u>\$ 8,152,437</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 97,175	\$ 12,213	\$ 56,019	\$ 165,407
Accrued payroll	61,508	-	-	61,508
Payroll liabilities	80,426	-	-	80,426
Other payables	-	-	11,518	11,518
Deposits payable	61,127	-	-	61,127
Tax anticipation warrants	510,985	-	-	510,985
Deferred revenues	2,991,786	954,180	111,340	4,057,306
Due to other funds	366,672	-	87,655	454,327
Due to other governments	7,252	-	57,334	64,586
Pensions contributions payable	289,902	-	-	289,902
Total Liabilities	<u>4,466,833</u>	<u>966,393</u>	<u>323,866</u>	<u>5,757,092</u>
Fund Balances (Deficit)				
Reserved				
Reserved for debt service	-	-	40,017	40,017
Reserved for long-term interfunds	-	454,327	-	454,327
Unreserved, reported in:				
General fund	(67,651)	-	-	(67,651)
Special revenue funds	-	1,464,981	381,878	1,846,859
Debt service funds	-	-	151,154	151,154
Capital projects funds	-	-	(29,361)	(29,361)
Total Fund Balances	<u>(67,651)</u>	<u>1,919,308</u>	<u>543,688</u>	<u>2,395,345</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,399,182</u>	<u>\$ 2,885,701</u>	<u>\$ 867,554</u>	<u>\$ 8,152,437</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2009

Total Fund Balances - Governmental Funds	\$ 2,395,345
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	2,801,155
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Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	128,580
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Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds payable	(507,000)
Compensated absences	(324,941)
Other post employment benefits	(1,014,575)
Capital leases payable	<u>(297,224)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,181,340</u>
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VILLAGE OF SUMMIT

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

For the Year Ended December 31, 2009

	General	Special Revenue 63rd St. And Archer Ave TIF	Nonmajor Governmental Funds	Totals
REVENUES				
Property taxes	\$ 2,669,583	\$ 1,004,433	\$ 111,487	\$ 3,785,503
Other taxes	2,068,536	-	-	2,068,536
Intergovernmental	1,089,548	-	861,980	1,951,528
Licenses, permits and fees	1,023,685	-	-	1,023,685
Reimbursements	112,032	-	-	112,032
Charges for services	23,030	-	85,554	108,584
Fines and traffic violations	401,899	-	-	401,899
Interest	853	3,078	4,504	8,435
Miscellaneous revenues	97,496	-	-	97,496
Total Revenues	<u>7,486,662</u>	<u>1,007,511</u>	<u>1,063,525</u>	<u>9,557,698</u>
EXPENDITURES				
Current				
General government	3,478,628	-	-	3,478,628
Public safety	4,166,658	-	57,823	4,224,481
Public works	766,287	-	321,843	1,088,130
Community development	55,227	633,175	242,495	930,897
Capital Outlay	2,548	-	547,010	549,558
Debt Service				
Principal	19,598	-	214,637	234,235
Interest	12,604	-	50,236	62,840
Total Expenditures	<u>8,501,550</u>	<u>633,175</u>	<u>1,434,044</u>	<u>10,568,769</u>
Excess (deficiency) of revenues over expenditures	<u>(1,014,888)</u>	<u>374,336</u>	<u>(370,519)</u>	<u>(1,011,071)</u>
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	12,580	-	-	12,580
Capital leases value	-	-	151,916	151,916
Transfers in	721,563	-	130,000	851,563
Transfers out	-	(190,323)	(236,240)	(426,563)
Total Other Financing Sources (Uses)	<u>734,143</u>	<u>(190,323)</u>	<u>45,676</u>	<u>589,496</u>
Net Change in Fund Balances	(280,745)	184,013	(324,843)	(421,575)
FUND BALANCES - Beginning of Year	<u>213,094</u>	<u>1,735,295</u>	<u>868,531</u>	<u>2,816,920</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (67,651)</u>	<u>\$ 1,919,308</u>	<u>\$ 543,688</u>	<u>\$ 2,395,345</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2009

Net change in fund balances - total governmental funds	\$ (421,575)
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	398,614
Depreciation is reported in the government-wide financial statements	(233,297)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	
Other taxes	18,036
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Debt issued	(151,916)
Principal repaid	234,235
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(36,406)
Other post employment benefits	<u>(1,014,575)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,206,884)</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 December 31, 2009

	Water
ASSETS	
Current Assets	
Cash	\$ 271,384
Receivables (net)	
Accounts	231,230
Total Current Assets	502,614
Noncurrent Assets	
Capital Assets	
Land	17,117
Buildings and improvements	40,116
Improvements other than buildings	778,917
Waterworks and reservoir system	1,011,968
Machinery and equipment	621,836
Less: Accumulated depreciation	(1,781,391)
Total Noncurrent Assets	688,563
Total Assets	1,191,177
LIABILITIES	
Current Liabilities	
Accounts payable	85,568
Accrued payroll	10,723
Due to other funds	101,859
Deposits payable	145,348
Due within one year - Long term liabilities	71,246
Total Current Liabilities	414,744
Noncurrent Liabilities	
Long-Term Debt	
Due after one year	165,518
Total Noncurrent Liabilities	165,518
Total Liabilities	580,262
NET ASSETS	
Invested in capital assets, net of related debt	612,853
Unrestricted	(1,938)
TOTAL NET ASSETS	\$ 610,915

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND For the Year Ended December 31, 2009

	<u>Water</u>
OPERATING REVENUES	
Charges for services	\$ 2,092,641
Miscellaneous income	<u>1,621</u>
Total Operating Revenues	<u>2,094,262</u>
OPERATING EXPENSES	
Source of water	775,599
Repairs and maintenance	825,037
Administrative	188,796
Depreciation expense	<u>(87,216)</u>
Total Operating Expenses	<u>1,702,216</u>
Operating Income	<u>392,046</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	128
Interest expense	<u>(5,371)</u>
Total Nonoperating Revenues (Expenses)	<u>(5,243)</u>
Income Before Contributions and Transfers	<u>386,803</u>
CONTRIBUTIONS AND TRANSFERS	
Capital contributions	154,433
Transfers out	<u>(425,000)</u>
Total Contributions and Transfers	<u>(270,567)</u>
Change in Net Assets	116,236
NET ASSETS - Beginning of Year	<u>494,679</u>
NET ASSETS - END OF YEAR	<u>\$ 610,915</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2009

	<u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 2,126,158
Paid to suppliers for goods and services	(1,073,742)
Paid to employees for services	(644,504)
Other Operating Revenues	<u>1,622</u>
Net Cash Flows From Operating Activities	<u>409,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>128</u>
Net Cash Flows From Investing Activities	<u>128</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(425,000)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(425,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Debt retired	(34,426)
Interest paid	<u>(5,371)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(39,797)</u>
Net Change in Cash and Cash Equivalents	(55,135)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>326,519</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 271,384</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2009

	<u>Water</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 392,046
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	(87,216)
Changes in assets and liabilities	
Decrease in accounts receivable	32,633
Increase in accounts payable	11,692
Decrease in accrued salaries	(32,435)
Increase in deposits payable	885
Decrease in other liabilities	(16,117)
Increase in net OPEB obligation	117,492
Decrease in Compensated Absences	<u>(9,446)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 409,534</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	<u>\$ 154,433</u>
Change in accounting estimate	<u>\$ 169,674</u>

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2009

	Pension Trust	SSA#5
ASSETS		
Cash	\$ 43,373	\$ -
Investments		
Certificates of deposit	59,127	-
U.S. treasuries	88,520	-
U.S. agencies	3,626,867	-
Equity mutual funds	874,439	-
Annuities	2,202,971	-
Receivables - (net)		
Accrued interest	49,571	-
Due from other funds	302,870	57,334
Total Assets	7,247,738	57,334
LIABILITIES		
Other current liabilities	-	57,334
Total Liabilities	-	57,334
NET ASSETS		
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	\$ 7,247,738	\$ -

See accompanying notes to financial statements.

VILLAGE OF SUMMIT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the Year Ended December 31, 2009

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 456,690
Plan members	193,874
Total Contributions	<u>650,564</u>
Investment income	
Interest on investments	682,853
Gains / losses on investments	<u>(64,398)</u>
Total Investment Income	618,455
Less Investment expense	<u>2,942</u>
Net Investment Income	<u>615,513</u>
Total Additions	<u>1,266,077</u>
DEDUCTIONS	
Benefits	868,146
Administration	<u>13,472</u>
Total Deductions	<u>881,618</u>
 Change in Net Assets	 384,459
 NET ASSETS - Beginning of Year, as restated	 <u>6,863,279</u>
 NET ASSETS - END OF YEAR	 <u>\$ 7,247,738</u>

See accompanying notes to financial statements.

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VILLAGE OF SUMMIT
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December 31, 2009

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VILLAGE OF SUMMIT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The village's financial statements include the following pension trust fund.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

A. REPORTING ENTITY (cont.)

Blended Component Unit

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

Police Pension Board, 7321 West 59th Street, Summit, IL 60501

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2004, the GASB issued statement No. 45 - *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, regulation, and display of other postemployment benefits (OPEB) expense/ expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The village made the decision to implement this standard effective January 1, 2009.

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

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

Fund Financial Statements

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

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

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

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

The village reports the following major governmental funds:

General Fund - accounts for the village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

63rd St. and Archer Ave TIF Fund - accounts for incremental real estate and sales tax revenues received from the village's Tax Increment Financing District that are to be used for the debt service payments on bonds issued to provide redevelopment of sites and improve their contributions to the village and its surrounding area.

The village reports the following major enterprise fund:

Water Fund - accounts for operations of the water distribution system

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Fund Financial Statements (cont.)

The village reports the following non-major governmental funds:

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

- Community Development Fund
- Drug Fund
- 911 ETS Fund
- Motor Fuel Tax Fund
- 63rd Place TIF

Debt Service Fund - used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- Bond and Interest Fund

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

- Police Station Renovation Fund
- SSA #5 Capital Project

In addition, the village reports the following fund types:

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

- Pension Trust Fund

Agency funds are 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.

- SSA #5

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for income taxes, for which available is defined as 90 days, as the State disbursing funds late is considered an unique event. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Fund Financial Statements (cont.)

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

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

1. Deposits and Investments (cont.)

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

The village and pension has adopted an investment policy. That policy follows the state statute for allowable investments.

Interest Rate Risk

The village's and pension's investment policies seek to ensure preservation of capital in the village's and pension's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The village's and police pension's policies limit the village and police pension to investments with a maturity of no more than 20 years from the date of purchase, unless matched to a specific cash flow. All of the policies requires the village's and pension's investment portfolio to be sufficiently liquid to enable the village and pension to meet all operating requirements as they come due.

Credit Risk

State Statues limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The village's investment policy addresses this risk by limiting investments to the safest type of securities. As of December 31, 2009, the village did not own any investments which would be subject to this risk. The village's and pension's investment policy authorizes investment in any type of security allowed for in Illinois statutes regarding the investment of public funds.

Concentration of Credit Risk

The village 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. The pension fund does not have a formal written policy with regards to concentration of credit risk for investments.

Custodial Credit Risk - Deposits

The village does not have a formal written policy addressing custodial credit risk. The pension's investment policy requires the entire amount of the bank balance of the deposits with financial institutions to be covered by federal deposit insurance.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk - Investments

The village's and police pension's investment policies do not specifically address these risks.

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

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

See Note III. A. for further information.

2. Receivables

Property taxes for levy year 2010 attaches as an enforceable lien on January 1, 2010, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance).

Tax bills for levy year 2009 are prepared by Cook County and issued on or about February 1, 2010 and September 1, 2010, and are payable in two installments, on or about March 1, 2010 and October 1, 2010 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2009 property tax levy is recognized as a receivable and deferral in fiscal 2009, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2009, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2009 levy, plus the uncollected portion of the 2008 levy.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 5 percent of outstanding property taxes at December 31, 2009.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

2. Receivables (cont.)

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

3. Restricted Assets

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

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for general capital assets and \$2,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Buildings	40-60 Years
Land improvements	20 Years
Machinery and equipment	5-15 Years
Water and reservoir system	70 Years
Improvements other than buildings	30 Years
Vehicles	8-30 Years

The village does not depreciate land and construction in progress.

Fund Financial Statements

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

5. Compensated Absences

Employees earn a specified amount of vacation and sick leave year year. The policy for compensated absences vary according to the area in which the employee works. For the public works department's employees, sick days may be accrued up to 240 days and may be paid out as severance pay upon termination of employment. Vacations should be taken in the year in which it is earned. However, unused vacation time may be carried forward to the current year with approval from the department head and can be paid out upon termination of the employee or with approval from the department head. Due to these policies, both vacation and sick leave of 5 days can be sold back at the end of the contract year. However, as the contract year is ended April 30th, the number of days accrued which will eventually be sold back is inestimable and therefore not accrued. However, vacation time for the police department is accrued as that time may be carried forward from year to year and paid out upon termination of employment. Village administrative employees cannot sell back their sick days, but vacation time is carried forward from year to year and paid out upon retirement. Therefore only vacation time for administrative employees is accrued. All compensated absence accrual is considered to be a long-term obligation of the village.

6. Long-Term Obligations

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts is reported as an other financing source and payments of principal and interest are reported as expenditures.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

6. Long-Term Obligations/Conduit Debt (cont.)

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no IRB's outstanding at year end.

7. Claims and Judgments

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

8. Equity Classifications

Government-Wide Statements

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

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

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

8. Equity Classifications (cont.)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

Prior to December 31, the village clerk submits to the village board a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the General Fund and Proprietary Funds. As none of the major special revenue funds are required to have budget adopted for them, no budget to actual statements are presented for them.

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

B. DEFICIT BALANCES

As of December 31, 2009, the General, 63rd Place TIF and Police Station Renovation Funds had a deficit fund balances of \$67,651, \$22,340, and \$68,080, respectively. These deficits are anticipated to be funded with future contributions or long-term borrowing.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

C. REMITTING OF REPLACEMENT TAXES

The village did not remit enough replacement taxes revenue to the Police Pension. Per Illinois Department of Commerce and Community Affairs, the second lien on personal property replacement tax funds each calendar year is for pension obligations. All pension obligations must be satisfied before the funds can be used for other purposes.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of in this pool is displayed on the statement of net assets and balance sheet as cash and investments. The village's deposits and investments at year end were comprised of the following:

	Carrying Value		Statement Balance
Deposits with financial institutions	\$ 2,932,890	\$	3,088,701
U.S. treasuries	88,520		88,520
U.S. agencies	3,626,867		3,626,867
Insurance company contracts	2,202,971		2,202,971
Equity mutual funds	874,439		874,439
Money Market Mutual Fund	24,476		24,476
Illinois Funds	161,448		161,448
Petty cash	475		-
	<u>\$ 9,912,086</u>	<u>\$</u>	<u>10,067,422</u>

Reconciliation to financial statements

Per statement of net assets

Cash and investments	\$ 2,976,772
Restricted cash	40,017

Per statement of net assets - fiduciary funds

Cash	43,373
Certificates of deposit	59,127
U.S. treasuries	88,520
U.S. agencies	3,626,867
Insurance company contracts	2,202,971
Equity mutual funds	874,439

Total Deposits and Investments	<u>\$ 9,912,086</u>
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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited for noninterest bearing accounts.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2009, \$3,088,701 of the village's total bank balances were fully collateralized or insured.

Investments

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

Credit Risk

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

Investments were all rated triple A by Standard & Poor's and by Moody's Investors Services except a Federal Home Loan Mortgage Corporation Bond with a Par of \$50,000 due 3/21/2011 and two FNMA's with a Par of \$50,000 each due 2/1/2011 and 8/1/2012. These bonds were rated A by Standard & Poor's and AA2 by Moody's.

Concentration of Credit Risk

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2009, the Police Pension had the following investments that were greater than 5% of Net Assets:

Issuer	Investment Type	Total of Portfolio
FFCB	Agency	\$559,894
FHLM	Agency	\$653,219
FHLB	Agency	\$1,064,926
FNMA	Agency	\$1,199,911
GE Life Annuity	Annuity	\$765,249
Pacific Life Annuity Contract	Annuity	\$522,964
Prudential Life Annuity Contract	Annuity	\$545,665
Equitable Annuity Contract	Annuity	\$369,093

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2009, the village's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1-5	6-10
Money market mutual fund	\$ 24,476	\$ 24,476	\$ -	\$ -
Illinois Funds	161,448	161,448	-	-
Totals	\$ 185,924	\$ 185,924	\$ -	\$ -

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2009, the village's investments were as follows:

Investment Type	Maturity (In Months)				
	Fair Value	Less than 1	1-5	6-10	More than 10
US Treasury Notes	\$ 88,520	\$ 35,133	\$ -	\$ 53,387	\$ -
FFCB	559,894	63,263	133,883	207,304	155,444
FHLM	653,219	78,398	425,216	98,031	51,574
FHLB	1,064,926	-	438,177	626,749	-
FNMA	1,199,911	-	654,977	327,438	217,496
Farmer Mac	58,347	-	58,347	-	-
Resolution FDG Corp	22,766	-	-	22,766	-
FNR 2004-44 GA	67,804	-	-	67,804	-
Insurance Company Contracts	2,202,971	2,202,971	-	-	-
Totals	\$ 5,918,358	\$ 2,379,765	\$ 1,710,600	\$ 1,403,479	\$ 424,514

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

B. RECEIVABLES

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

	General Fund	63rd St. and Archer Ave. TIF	Water Fund	Nonmajor and Other Funds	Totals
Receivables					
Property taxes	\$ 3,096,589	\$ 1,099,813	\$ -	\$ 120,633	\$ 4,317,035
Utility taxes	32,417	-	-	-	32,417
Sales taxes	290,165	-	-	-	290,165
Use taxes	10,008	-	-	-	10,008
Auto rental tax	1,863	-	-	-	1,863
Telecommunication taxes	100,972	-	-	-	100,972
Income tax	255,483	-	-	-	255,483
Court fines	4,705	-	-	-	4,705
Replacement taxes	18,679	-	-	-	18,679
MFT Allocation	-	-	-	21,881	21,881
Grants	4,418	-	-	-	4,418
Accounts	-	-	323,821	-	323,821
Gross receivables	3,815,299	1,099,813	323,821	142,514	5,381,447
Less: Allowance for uncollectibles	(150,700)	(50,220)	(92,591)	(5,860)	(299,371)
Net Total Receivables	<u>\$ 3,664,599</u>	<u>\$ 1,049,593</u>	<u>\$ 231,230</u>	<u>\$ 136,654</u>	<u>\$ 5,082,076</u>

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

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

	Unavailable	Unearned	Totals
Property taxes receivable - General Fund	\$ -	\$ 2,863,206	\$ 2,863,206
Property taxes receivable - 63rd St. and Archer Ave. Fund	-	954,180	954,180
Property taxes receivable - Non Major Funds	-	111,340	111,340
Sales tax - General Fund	87,276	-	87,276
Auto rental tax - General Fund	641	-	641
Telecommunication tax - General Fund	40,663	-	40,663
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 128,580</u>	<u>\$ 3,928,726</u>	<u>\$ 4,057,306</u>

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

B. RECEIVABLES (cont.)

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

C. RESTRICTED ASSETS

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Lease escrow account	\$ 40,017	\$ 40,017	\$ -
Total Restricted Assets	<u>\$ 40,017</u>	<u>\$ 40,017</u>	<u>\$ -</u>

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 588,120	\$ 62,625	\$ -	\$ 650,745
Construction in progress	15,720	-	15,720	-
Total Capital Assets Not Being Depreciated	603,840	62,625	15,720	650,745
Capital assets being depreciated				
Land improvements	98,868	-	-	98,868
Buildings	1,241,481	-	-	1,241,481
Machinery and equipment	1,499,257	351,709	-	1,850,966
Vehicles	2,607,521	-	-	2,607,521
Total Capital Assets Being Depreciated	5,447,127	351,709	-	5,798,836
Total Capital Assets	6,050,967	414,334	15,720	6,449,581
Less: Accumulated depreciation for				
Land improvements	(40,768)	(4,485)	-	(45,253)
Buildings	(572,088)	(23,582)	-	(595,670)
Machinery and equipment	(1,048,105)	(106,830)	-	(1,154,935)
Vehicles	(1,754,168)	(98,400)	-	(1,852,568)
Total Accumulated Depreciation	(3,415,129)	(233,297)	-	(3,648,426)
Net Capital Assets Being Depreciated	2,031,998	118,412	-	2,150,410
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 2,635,838	\$ 181,037	\$ 15,720	\$ 2,801,155

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 4,117
Public safety	176,161
Public works	53,019
Total Governmental Activities Depreciation Expense	\$ 233,297

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 17,117	\$ -	\$ -	\$ -	\$ 17,117
Total Capital Assets Not Being Depreciated	17,117	-	-	-	17,117
Capital assets being depreciated					
Buildings	40,116	-	-	-	40,116
Improvements other than buildings	624,484	-	154,433	-	778,917
Waterworks and reservoir system	1,011,968	-	-	-	1,011,968
Machinery and equipment	801,943	-	-	180,107	621,836
Total Capital Assets Being Depreciated	2,478,511	-	154,433	180,107	2,452,837
Total Capital Assets	2,495,628	-	154,433	180,107	2,469,954
Less: Accumulated depreciation for					
Buildings	(15,877)	-	(495)	-	(16,372)
Improvements other than buildings	(496,313)	-	(20,564)	-	(516,877)
Waterworks and reservoir system	(998,169)	169,674	(22,343)	-	(850,838)
Machinery and equipment	(538,355)	-	(39,056)	180,107	(397,304)
Total Accumulated Depreciation	(2,048,714)	169,674	(82,458)	180,107	(1,781,391)
Net Capital Assets Being Depreciated	429,797	169,674	236,891	-	671,446
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 446,914	\$ 169,674	\$ 236,891	\$ -	\$ 688,563

*Adjustment represents extension of the depreciation lives and related decrease in accumulated depreciation.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 82,458
Adjustment	<u>(169,674)</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ (87,216)</u>

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfunds

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Water Fund	\$ 101,859	\$ -
63rd St. and Archer Avenue TIF Fund	General Fund	366,672	366,672
63rd St. and Archer Avenue TIF Fund	Non-major Fund	<u>87,655</u>	<u>-</u>
 Total - Fund Financial Statements		 <u>556,186</u>	
Less: Fund eliminations		<u>(454,327)</u>	
 Total Internal Balances - Government-Wide Statement of Net Assets		 <u>\$ 101,859</u>	

The above interfund balances exist because of the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Fund	\$ 425,000	For indirect general government expenses
General Fund	Motor Fuel Tax Fund	136,240	For expenses related to MFT project paid out of the General Fund
63rd Place TIF Fund	63rd St. and Archer Avenue TIF Fund	130,000	To transfer funds to adjacent TIF
General Fund	Drug	100,000	For direct government expenses
General Fund	63rd St. and Archer Avenue TIF Fund	<u>60,323</u>	For direct government expenses
Total - Fund Financial Statements		<u>\$ 851,563</u>	
Less: Fund eliminations		(426,563)	
Capital contribution of sewer system to the Water Fund from the Governmental Activities		<u>(154,433)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 270,567</u>	

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

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

F. SHORT-TERM DEBT ACTIVITY

The village issues short-term debt for the purpose of covering expenses in the near term while waiting for tax receipts.

Short-term debt activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation warrants	\$ 105,230	\$ 505,755	\$ 100,000	\$ 510,985
Totals	<u>\$ 105,230</u>	<u>\$ 505,755</u>	<u>\$ 100,000</u>	<u>\$ 510,985</u>

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 332,000	\$ -	\$ 103,000	\$ 229,000	\$ 106,000
Alternative revenue bonds	340,000	-	62,000	278,000	65,000
Sub-totals	<u>672,000</u>	<u>-</u>	<u>165,000</u>	<u>507,000</u>	<u>171,000</u>
Other Liabilities					
Capital leases	214,543	151,916	69,235	297,224	100,738
Compensated absences	288,535	344,275	307,869	324,941	324,941
Net OPEB obligation	-	1,536,226	521,651	1,014,575	-
Total Other Liabilities	<u>503,078</u>	<u>2,032,417</u>	<u>898,755</u>	<u>1,636,740</u>	<u>425,679</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,175,078</u>	<u>\$ 2,032,417</u>	<u>\$ 1,063,755</u>	<u>\$ 2,143,740</u>	<u>\$ 596,679</u>
Business-type Activities					
Other Liabilities					
Notes payable	\$ 89,317	\$ -	\$ 27,059	\$ 62,258	\$ 19,797
Capital leases	20,820	-	7,367	13,453	7,888
Compensated absences	53,007	63,583	73,029	43,561	43,561
Net OPEB obligation	-	177,900	60,408	117,492	-
Total Other Liabilities	<u>163,144</u>	<u>241,483</u>	<u>167,863</u>	<u>236,764</u>	<u>71,246</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 163,144</u>	<u>\$ 241,483</u>	<u>\$ 167,863</u>	<u>\$ 236,764</u>	<u>\$ 71,246</u>

The village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the village. As of December 31, 2009, the statutory debt limit for the village was \$17,103,910, providing a debt margin of \$16,596,910.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/09</u>
Governmental Activities General Obligation Debt					
GO Bond Series 2004	1/9/2004	12/1/2012	3.4%	\$ 700,000	\$ <u>229,000</u>
Total Governmental Activities - General Obligation Debt					\$ <u>229,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 106,000	\$ 7,786
2011	110,000	4,182
2012	<u>13,000</u>	<u>442</u>
Totals	<u>\$ 229,000</u>	<u>\$ 12,410</u>

Alternative Revenue Debt

Governmental Activities Alternative Revenue Debt

The MFT Alternative Revenue Debt payable at December 31, 2009 is backed by the full faith and credit of the village and consists of the following:

<u>Governmental Activities Alternative Revenue Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/09</u>
MFT alternate revenue bonds, Series 2007	10/1/2007	10/1/2013	5.75%	\$ 400,000	\$ <u>278,000</u>
Total Governmental Activities - Alternative Revenue Debt					\$ <u>278,000</u>

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

G. LONG-TERM OBLIGATIONS (cont.)

Alternative Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Alternative Revenue Debt	
	Principal	Interest
2010	\$ 65,000	\$ 15,986
2011	68,000	12,248
2012	71,000	8,338
2013	74,000	4,256
Totals	<u>\$ 278,000</u>	<u>\$ 40,828</u>

Other Bonds or Notes or Loans Payable

Backhoe and dump truck notes are payable from the village's Water Fund.

Notes Payable at December 31, 2009 consist of the following:

Business-type Activities Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
Dump Trucks Note	12/18/2007	12/18/2012	4.75%	\$ 99,200	<u>\$ 62,258</u>
Total Business-type Activities Other Bonds or Notes or Loans Payable					<u>\$ 62,258</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Other Bonds or Notes or Loans Payable	
	Principal	Interest
2010	\$ 19,797	\$ 2,957
2011	20,738	2,017
2012	21,723	1,032
Totals	<u>\$ 62,258</u>	<u>\$ 6,006</u>

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

G. LONG-TERM OBLIGATIONS (cont.)

Special Assessment Vouchers

As of December 31, 2009, 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, 2009, 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 liabilities.

As of December 31, 2009, the village had special assessment vouchers payable outstanding for assessment #5 in the amount of \$236,000 with an interest rate of 6.50%. The vouchers are due in annual installments with a final maturity on December 23, 2018. At December 31, 2009 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 liabilities.

H. LEASE DISCLOSURES

Lessee - Capital Leases

In recent years the village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$376,408, which are included in capital assets in the governmental and business-type activities. The governmental activities capital leases will be paid out of the general and drug funds, while the business-type activities capital assets will be paid out of the water fund. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2009, are as follows:

Years	Governmental Activities			Business-type Activities		
	Principal	Interest	Totals	Principal	Interest	Totals
2010	\$ 100,738	\$ 11,712	\$ 112,450	\$ 7,888	\$ 677	\$ 8,565
2011	41,793	8,560	50,353	5,565	144	5,709
2012	38,762	6,583	45,345	-	-	-
2013	40,794	4,551	45,345	-	-	-
2014	39,281	2,513	41,794	-	-	-
2015-2019	35,856	1,723	37,579	-	-	-
Totals	<u>\$ 297,224</u>	<u>\$ 35,642</u>	<u>\$ 332,866</u>	<u>\$ 13,453</u>	<u>\$ 821</u>	<u>\$ 14,274</u>

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

H. LEASE DISCLOSURES (cont.)

Lessee - Operating Leases

During the year, the village paid \$6,039 in lease payments for a copier machine.

<u>Years</u>	<u>Governmental Activities Principal</u>
2010	\$ 1,908
2011	<u>1,113</u>
Totals	<u>\$ 3,021</u>

I. RESTATEMENT OF NET ASSETS

The auditor's for the Police Pension have restated the Pension Trust Fund's beginning net assets by \$8,501 from \$6,854,778 to \$6,863,279 due to a change in the interfund.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions

The village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan does issue a separate report on the pension plan. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months's earnings during the last 10 years) of earnings for each year thereafter. IMRF provides credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in IMRF, as specified by statute. For calendar year 2009, the village's required contribution rate was 7.64%.

Police Pension

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

At December 31, 2009, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	20
Active plan members	<u>29</u>
Total	<u><u>49</u></u>

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

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective July 1, 1993 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. For the year ended December 31, 2008, the village's contribution was 25% of covered payroll.

Summary of Significant Accounting Policies

Police Pension Plan

Basis of Accounting. The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Annual Pension Cost

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

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2008	December 31, 2008
Contribution rates:		
Employer	7.64%	25.15%
Employee	4.50%	9.91%
Annual required contribution	\$130,423	\$838,340
Contributions made	\$130,423	\$575,997
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal
Asset valuation method	market	Market
Amortization method	Level percentage of payroll	Level percentage of payroll
Amortization period	24 years, closed	25 years
Actuarial assumptions:		
Investment rate of return	7.50%	7.00%
	Compounded annually	Compounded annually
Projected salary increases	4.00%	5.50%
Inflation rate included	4.00%	3.00%
Cost-of-living adjustments	0.4 to 11.6%	3.00%

Net Pension Obligation

The village has not obtained an independent actuarial report and, as such, has not calculated an official net pension obligation or its components. The amounts presented is an estimate calculated by the Illinois Department of Financial Regulation.

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Trend Information

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

	Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual required contribution (ARC)	2008	\$ 130,423	\$ 838,340
	2007	127,946	769,992
	2006	121,664	816,835
Contributions made	2008	\$ 130,423	\$ 575,997
	2007	127,946	562,032
	2006	121,664	485,887
Percentage of APC contributed	2008	100%	68.71%
	2007	100%	72.99%
	2006	100%	59.48%
Net pension obligation	2008	\$ -	N/A
	2007	-	N/A
	2006	-	N/A

B. RISK MANAGEMENT

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

C. OTHER POSTEMPLOYMENT BENEFITS

The village administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the village's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their dependents receive lifetime healthcare insurance with the Village paying the monthly premium rate. The Retiree Health Plan does not issue a publicly available financial report.

Plan Contribution Information

Member of the plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Retirees and beneficiaries receiving benefits	36
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	57
 Total	 93
 Number of participating employers	 1

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the village and the union. The village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. For fiscal year 2009, the village contributed \$582,059 to the plan. Administrative costs of the plan are paid for by the general fund.

The village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the village's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the village's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 1,714,126
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
 Annual OPEB cost	 1,714,126
Contributions made	(582,059)
Increase in net OPEB obligation (asset)	1,132,067
 Net OPEB Obligation (Asset) - Beginning of Year	 -
 Net OPEB Obligation (Asset) - End of Year	 \$ 1,132,067

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 1,714,126	34%	\$ 1,132,067

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

Actuarial accrued liability (AAL)	\$ 18,975,326
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 18,975,326
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 3,999,847
UAAL as a percentage of covered payroll	474%

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

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

VILLAGE OF SUMMIT

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% after 5 years. Both rates include a 2.5% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at December 31, 2009, was 29 years.

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

The Governmental Accounting Standards Board (GASB) has GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, Statement No. 53, Accounting and Financial Reporting for Derivative Instruments and GASB Statement No. 54, Fund Balance Reporting and governmental fund type definition. Application of these standards may restate portions of these financial statements.

VILLAGE OF SUMMIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the year ended December 31, 2009
with comparative actual amounts for the year ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance with Final Budget	
REVENUES				
PROPERTY TAXES				
Property	\$ 2,820,210	\$ 2,204,515	\$ (615,695)	\$ 2,133,558
Road and bridge	25,000	29,209	4,209	30,888
Police pension	-	435,859	435,859	551,532
Total Property Taxes	<u>2,845,210</u>	<u>2,669,583</u>	<u>(175,627)</u>	<u>2,715,978</u>
Other taxes	2,500,460	2,068,536	(431,924)	2,266,214
Intergovernmental	1,359,440	1,089,548	(269,892)	1,292,034
Licenses, permits and fees	1,250,100	1,023,685	(226,415)	995,301
Fines and traffic violations	313,000	401,899	88,899	269,907
Charges for services	50,000	23,030	(26,970)	52,260
Reimbursements	185,000	112,032	(72,968)	144,218
Interest	8,000	853	(7,147)	8,194
Miscellaneous revenues	46,100	97,496	51,396	64,772
Total Revenues	<u>8,557,310</u>	<u>7,486,662</u>	<u>(1,070,648)</u>	<u>7,808,878</u>
EXPENDITURES				
Current				
General government	4,001,800	3,478,628	523,172	3,249,549
Public Safety	4,104,349	4,166,658	(62,309)	4,404,528
Public Works	857,622	766,287	91,335	765,672
Community development	258,516	55,227	203,289	70,453
Debt Service				
Principal	-	19,598	(19,598)	29,388
Interest and fiscal charges	-	12,604	(12,604)	13,422
Capital Outlay	18,000	2,548	15,452	3,970
Total Expenditures	<u>9,240,287</u>	<u>8,501,550</u>	<u>738,737</u>	<u>8,536,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(682,977)</u>	<u>(1,014,888)</u>	<u>(331,911)</u>	<u>(728,104)</u>
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	175,000	12,580	(162,420)	1,600
Transfers in	617,000	721,563	104,563	401,861
Transfers out	-	-	-	(64,727)
Total Other Financing Sources (Uses)	<u>792,000</u>	<u>734,143</u>	<u>(57,857)</u>	<u>338,734</u>

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

VILLAGE OF SUMMIT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL
 For the year ended December 31, 2009
 with comparative actual amounts for the year ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance with Final Budget	
Net Change in Fund Balance	\$ 109,023	(280,745)	\$ (389,768)	(389,370)
FUND BALANCE - Beginning of Year		213,094		602,464
FUND BALANCE (DEFICIT) - END OF YEAR		\$ (67,651)		\$ 213,094

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

VILLAGE OF SUMMIT

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2009

Actuarial Valuation Date	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/08	\$ 130,423	100.00%	\$ -
12/31/07	127,946	100.00%	-
12/31/06	121,664	100.00%	-

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/08	\$ 3,772,778	\$ 4,650,741	\$ 877,963	81.12%	\$ 1,707,104	51.43%
12/31/07	4,602,187	4,265,369	(336,818)	107.90%	1,629,885	-%
12/31/06	4,061,495	3,860,800	(200,695)	105.20%	1,596,635	-%
12/31/05	3,865,328	3,699,944	(165,384)	104.47%	1,467,222	-%
12/31/04	4,058,955	3,767,007	(291,948)	107.75%	1,433,995	-%
12/31/03	4,682,590	3,832,614	(849,976)	122.18%	1,329,024	-%

Digest of Changes

Assumptions

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

The principal changes were:

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

Valuation date	12/31/2008
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	24 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.00%
Inflation factor	4.00%
Cost of living adjustments	0.4 to 11.6%

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

VILLAGE OF SUMMIT

POLICE PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2009

<u>Actuarial Valuation Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2008	\$ 838,340	68.71%	\$ -
12/31/2007	769,992	72.99%	-
12/31/2006	816,835	59.48%	-

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2008	\$ 6,643,359	\$21,253,580	\$14,610,221	31.26%	\$ 2,290,184	637.95%
12/31/2007	7,853,602	19,525,172	11,671,570	40.22%	2,691,065	433.72%
12/31/2006	7,441,003	18,094,109	10,653,106	41.12%	1,839,302	579.19%
12/31/2005	6,956,895	17,371,478	10,414,583	40.05%	1,900,148	548.09%
12/31/2004	6,743,791	15,005,800	8,262,009	44.94%	1,804,561	457.84%
12/31/2003	6,272,488	15,378,792	9,106,304	40.79%	1,777,254	512.38%

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

Valuation date	12/31/2008
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	27 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.50%
Inflation factor	3.00%
Cost of living adjustments	3.00%

The Village has not obtained an independent actuarial report and, as such, has not calculated an official net pension obligation or its components. The amounts presented are an estimate calculated by the Illinois Department of Financial Regulation.

VILLAGE OF SUMMIT

OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS December 31, 2009

<u>Actuarial Valuation Date</u>	<u>Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2009	\$ 1,714,126	34.00%	\$ 1,132,067
12/31/2008	N/A	N/A	N/A
12/31/2007	N/A	N/A	N/A

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2009	\$ -	\$18,975,326	\$18,975,326	-%	\$ 3,999,847	474.40%
12/31/2008	N/A	N/A	N/A	N/A	N/A	N/A
12/31/2007	N/A	N/A	N/A	N/A	N/A	N/A

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

Valuation date	12/31/2008
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	30
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	5
Healthcare cost rate	9.0% initially, 5.0% over 5 years
Inflation factor	2.5%

N/A - The fiscal year ended December 31, 2009 was the first year of implementation of GASB 45, as such, preceding years' information is not applicable.