VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
APRIL 30, 2010

VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

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INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

Statement of Plan Net Assets
April 30, 2010

Assets		
Cash and Cash Equivalents	$	238,203
Investments, at Fair Value		
Certificates of Deposit		329,497
U.S. Government and Agency Obligations		1,382,530
Insurance Company Contracts		792,477
Equity Mutual Funds		2,494,272
Money Market Mutual Funds		121,120
Accrued Interest Receivable		5,493
Prepaids		3,007
Total Assets		5,366,599
Liabilities		
Benefits Payable		25,234
Accounts Payable		5,312
Total Liabilities		30,546
Plan Net Assets Held in Trust for Pension Benefits (A schedule of funding progress is presented in the required supplementary information.)		5,336,053

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

VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

Statement of Changes in Plan Net Assets
For the Year Ended April 30, 2010

Additions		
Contributions - Employer	$	434,872
Contributions - Plan Members		138,451
Total Contributions		573,323
Investment Income		
Interest and Dividends Earned		83,268
Net Change in Fair Value		799,617
		882,885
Less Investment Expenses		(13,924)
Net Investment Income		868,961
Total Additions		1,442,284
Deductions		
Administration		27,486
Benefits and Refunds		
Benefits		597,603
Refunds		39,477
Total Deductions		664,566
Net Increase		777,718
Plan Net Assets Held in Trust for Pension Benefits		
Beginning of Year		4,558,335
End of Year		5,336,053

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Police Pension Fund of the Village of Glenwood, Illinois have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Pension Fund's accounting policies are described below.

REPORTING ENTITY

The Police Pension Fund is a component unit of the Village of Glenwood, Illinois. The decision to include the Police Pension Fund in the Village's reporting entity was made based upon the significance of their operational or financial relationships with the Village.

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary, and two elected police employees constitute the pension board. The Village and 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. The PPERS is included in the Village's annual financial report as a blended component unit and is reported as a pension trust fund.

BASIS OF PRESENTATION

Pension Trust Funds

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's Police Department.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

Pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of changes in plan net assets. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Pension trust fund equity is classified as plan net assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

The accrual basis of accounting is utilized by pension trust funds. Under this method, additions to plan net assets are recorded when earned and deductions from plan net assets are recorded when the time related liabilities are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

ASSETS, LIABILITIES AND PLAN NET ASSETS

Investments

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

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between the Village and the Police Pension Fund for employer and employee contributions due to the Pension Fund. Receivables and payables, if any, which relate to these transactions, are classified as "Due from the Village" or "Due to the Village" on the statement of plan net assets.

NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS

DEPOSITS, INVESTMENTS AND CONCENTRATIONS

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies

NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS - Continued

DEPOSITS, INVESTMENTS AND CONCENTRATIONS - Continued

that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the Pension Fund's plan net assets. Pension Funds with plan net assets of 2.5 million or more may invest up to forty-five percent of plan net assets in separate accounts of life insurance companies and mutual funds. In addition, Pension Funds with plan net assets of at least 5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net assets in common and preferred stocks that meet specific restrictions.

Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the Pension Fund's deposits and certificates of deposit totaled $567,700, and the bank balances totaled $577,427.

Investments. At year-end, the Pension Fund has the following debt securities and investments as well as their maturities.

		Investment Maturities - in Years			
	Fair	Less Than			More Than
Investment Type	Value	1	1-5	6-10	10
Certificates of Deposit	$ 329,497	121,538	102,836	105,123	-
Government National Mortgage Assoc.	943,957	-	-	-	943,957
Federal Farm Credit Bank	311,774	-	-	105,945	205,829
Federal Home Loan Bank	126,799	-	-	-	126,799
Money Market Mutual Funds	121,120	121,120	-	-	-
Total	1,833,147	242,658	102,836	211,068	1,276,585

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio "to remain sufficiently liquid to enable the Pension Fund to pay all necessary benefits and meet all operating requirements, which might be reasonable anticipated."

NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS – Continued

DEPOSITS, INVESTMENTS AND CONCENTRATIONS - Continued

Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Investments in the securities of U.S. Government Agencies were all rated triple A by Standard & Poor's or by Moody's Investors Services. The Pension Fund's investment policy also prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to it. At April 30, 2010, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Pension Fund's deposits with financial institutions.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. While not required by the investment policy, the Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. At April 30, 2010, the Pension Fund has over 5% of plan net assets, $266,803, invested in various agency securities as indicated in the table above and various insurance contracts and mutual funds listed below. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Pension Fund's investment policy specifies "the Board of Trustees has consciously diversified the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio."

NOTE 2 – DETAIL NOTES ON FINANCIAL STATEMENTS – Continued

DEPOSITS, INVESTMENTS AND CONCENTRATIONS - Continued

Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued

The Pension Fund's investment policy has a stated target that 53 percent of its portfolio be in fixed income securities, 45 percent target in various equities with the remaining 2 percent cash and equivalents. The Pension Board has diversified its insurance contract and equity mutual fund holdings as follows:

Lincoln Benefit Life Insurance Contracts - $491,416
Zurich Life Insurance Contract- $139,929
Allianz Life Insurance Contract - $83,500
Fidelity & Guaranty Life Insurance Contract - $77,632

Dodge & Cox Stock Fund - $356,837
Invesco Van Kampen Growth and Income Fund - $349,324
Harbor Cap Appreciation Institutional Fund - $348,952
T. Rowe Price New America Growth Fund - $348,672
Aston/Optimum Mid Cap Fund - $315,356
Dodge & Cox International Stock Fund - $120,908
Dreyfus Opportunistic Small Cap Fund - $116,892
Perkins Small Cap Value Fund - $105,958
Brown Cap Management Small Co Institutional Fund - $102,069
American Funds EuroPacific Growth Fund - $87,977
Oppenheimer Developing Markets Fund - $79,796
Cohen & Steers Realty Shares Fund - $57,843
First American Real Estate Fund - $53,803
Fidelity Real Estate Investment Fund - $49,885

NOTE 3 – OTHER INFORMATION

SUBSEQUENT EVENTS

Due to investment market volatility, total plan net assets, as reported, may not be representative of values subsequent to year end.

CONTINGENT LIABILITIES

Litigation

The Pension Fund is not currently involved with any lawsuits.

NOTE 3 – OTHER INFORMATION - Continued

CONTINGENT LIABILITIES - Continued

Compliance Audit

The Police Pension Fund is subject to a program compliance audit by the Illinois Department of Insurance. The compliance audit by the Illinois Department of Insurance for the year ended April 30, 2010 has not yet been conducted. Accordingly, the Police Pension Fund's compliance with applicable requirements will be established at some future date. The amount of any adjustments to be made by the Illinois Department of Insurance cannot be determined at this time however, the Police Pension Fund expects such adjustments, if any, to be immaterial.

RELATED PARTY TRANSACTIONS

Other than activity related to the Village of Glenwood, the Police Pension Fund was not involved in any related party transactions.

USE OF ESTIMATES

The preparation of financial statements 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 additions and deductions during the reported period. Actual results could differ from those estimates.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Plan Description, Provisions and Funding Policies

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The Police Pension Plan provides retirement, disability, and death benefits, as well as automatic annual cost of living adjustments, to plan members and their beneficiaries. Plan members are required to contribute 9.91% of their annual covered payroll. The Village is required to contribute at an actuarially determined rate. Although this is a single-employer pension plan the defined benefits and contribution requirements of the plan members and the Village are governed by Illinois State Statutes and may only be amended by the Illinois legislature. Administrative costs are financed through investment earnings.

NOTE 3 – OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN - Continued

Plan Description, Provisions and Funding Policies - Continued

At April 30, 2009, the date of the latest actuarial valuation, the Police Pension Plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Members Entitled to But Not Yet Receiving Benefits	16
Active Plan Members	21
	37

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees 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 held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. 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 benefit. The monthly benefit 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 be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

NOTE 3 – OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN - Continued

Funded Status and Funding Progress

The Police Pension Fund funded status for the current year and related information is as follows:

Actuarial Valuation Date	04/30/2009
Percent Funded	43.94%
Actuarial Accrued Liability for Benefits	$ 10,343,630
Actuarial Value of Assets	$ 4,544,635
Over (Under) Funded Actuarial Accrued Liability (UAAL)	$ (5,798,995)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	$ 1,301,838
Ratio of UAAL to Covered Payroll	445.45%

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

Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.00% compounded annually including a 3.0% inflation factor, a projected salary increases assumption of 5.50% compounded annually including a 3.0% inflation factor, and cost-of-living adjustments of 3.0% compounded annually.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

Required Supplementary Information
Schedule of Funding Progress - Illinois Division of Insurance
April 30, 2010

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry-Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2004	$ 4,734,208	$ 7,153,517	66.18%	$ 2,419,309	$ 1,029,916	234.90%
2005	4,756,034	7,353,211	64.68%	2,597,177	1,098,785	236.37%
2006	5,133,049	8,739,727	58.73%	3,606,678	1,108,121	325.48%
2007	5,433,209	9,615,882	56.50%	4,182,673	1,187,452	352.24%
2008	5,468,911	10,176,011	53.74%	4,707,100	1,278,991	368.03%
2009	4,499,732	10,862,101	41.43%	6,362,369	1,301,838	488.72%

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.00% compounded annually including a 3.0% inflation factor, a projected salary increases assumption of 5.50% compounded annually including a 3.0% inflation factor, and cost-of-living adjustments of 3.0% compounded annually.

VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

Required Supplementary Information
Employer Contributions - Illinois Division of Insurance
April 30, 2010

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2005	N/A	$ 261,483	N/A
2006	$ 159,801	283,340	56.40%
2007	304,703	341,009	89.35%
2008	306,728	380,646	80.58%
2009	390,899	426,549	91.64%
2010	434,872	520,446	83.56%

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of April 30 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.00% compounded annually including a 3.0% inflation factor, a projected salary increases assumption of 5.50% compounded annually including a 3.0% inflation factor, and cost-of-living adjustments of 3.0% compounded annually.

VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

Required Supplementary Information
Schedule of Funding Progress - Timothy W. Sharpe, Actuary
April 30, 2010

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry-Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	$ 5,133,758	$ 9,279,320	55.32%	$ 4,145,562	$ 873,228	474.74%
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	4,544,635	10,343,630	43.94%	5,798,995	1,301,838	445.45%

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.00% compounded annually including a 3.0% inflation factor, a projected salary increases assumption of 5.50% compounded annually including a 3.0% inflation factor, and cost-of-living adjustments of 3.0% compounded annually.

VILLAGE OF GLENWOOD, ILLINOIS
POLICE PENSION FUND

Required Supplementary Information
Employer Contributions - Timothy W. Sharpe, Actuary
April 30, 2010

Year Ended April 30	Employer Contribution	Annual Required Contribution	Percent Contributed	Net Pension Obligation
2005	N/A	N/A	N/A	N/A
2006	$ 159,801	N/A	N/A	66,686
2007	304,703	$ 359,340	84.80%	N/A
2008	306,728	N/A	N/A	N/A
2009	390,899	N/A	N/A	36,607
2010	434,872	541,007	80.38%	N/A

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of April 30 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.00% compounded annually including a 3.0% inflation factor, a projected salary increases assumption of 5.50% compounded annually including a 3.0% inflation factor, and cost-of-living adjustments of 3.0% compounded annually.