

**Village of Itasca, Illinois**

**Annual Financial Report**

**For the fiscal year ended April 30, 2013**

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## **INTRODUCTORY SECTION**

**Village of Itasca, Illinois**

**PRINCIPAL OFFICIALS**

April 30, 2013

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**PRESIDENT**

Jeff Pruyn

**TRUSTEES**

Jeff Aiani  
Ellen Leahy  
Frank Madaras

Marty Hower  
Michael Latoria  
Lucy Santorsola

**VILLAGE ADMINISTRATOR**

Evan Teich

**CLERK**

Melody Craven

**TREASURER**

William Fates

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

The Honorable President  
Members of the Board of Trustees  
Village of Itasca, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Itasca, Illinois (the Village), as of and for the year ended April 30, 2013, and the related notes to the financial statements which collectively comprise the Village's basic financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

The Village adopted Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended April 30, 2013. Statement No. 63 added new classifications on the statements of net position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of net position to the new classifications contained in GASB Statement No. 63. Our opinions are not modified with respect to this matter.

The Village adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, during the year ended April 30, 2013. The adoption of this statement resulted in the removal of the Itasca Public Library as a component unit of the Village. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Village's basic financial statements as a whole. The introductory section, supplemental information, and supplemental data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate

directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and the supplemental data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Sechuk LLP". The signature is written in a cursive, flowing style.

Naperville, Illinois  
October 23, 2013

VILLAGE OF ITASCA  
MANAGEMENT'S  
DISCUSSION AND ANALYSIS

April 30, 2013

The management discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify the Village's financial position and ability to address future challenges, (4) identify material deviations from budget, and (5) identify concerns specific to individual funds.

## REPORTING THE VILLAGE AS A WHOLE

### Government-wide Financial Statements

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses accounting similar to full accrual accounting used in the private sector. Inter-fund activity is eliminated and the cost of assets with a long service life is spread out over future years so that capital expenditures are amortized (through depreciation) when the benefits are realized.

The first government-wide statement is the *Statement of Net Position* that presents information about all of the Village's assets and liabilities, with the difference reported as *net position*. Over a multi-year period, an increase or decrease in net position can detect an improvement or deterioration in the financial position of the Village as a whole. Additionally, one would need to evaluate nonfinancial factors, such as the condition of Village infrastructure, the satisfaction of constituents, and other information beyond the scope of this report to make a more complete assessment of whether the Village as a whole has improved.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety and public services. Business-type activities include, water and sewer utilities. Fiduciary activities, such as employee pension plans, are not available to fund Village programs and, therefore, are not included in government-wide statements.

The Village's financial reporting includes the funds of the Village (primary government). The Village is not accountable for any outside organizations, and, therefore, no adjustments were made to blend financial information from other legally separate entities into this report.

The government-wide financial statements are presented on pages 10-12 of this report.

## REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

A fund is an accountability unit to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in later section of this report.

The Village has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

The government-wide financial statements provide a long-term view. Comparisons between the individual governmental fund statements and the government-wide statements provide information about financing decisions and the amount invested in maintaining and improving infrastructure. These two perspectives can provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances reconcile the differences between these two perspectives.

Budgetary comparison statements are included in the required supplemental information section for the General Fund. Budgetary comparison schedules for other funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Village's budget.

The basic government fund financial statements are presented on pages 13-17 of this report.

*Proprietary funds* reported in the fund financial statements are for those services for which the Village charges customers a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Enterprise fund services are primarily provided to customers external to the Village organization such as those of the electric, water, and sewer utilities function.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements, but with more detail for major enterprise funds and individual component units.

The basic proprietary fund financial statements are presented on 18-21 of this report.

*Fiduciary funds* such as the employee pension plans are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund Village programs. Fiduciary fund financial statements report similarly to proprietary funds.

The basic fiduciary fund financial statements are presented on pages 22-23 of this report.

*Notes to the financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

*Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's funding of pension benefit obligations to its employees and budgetary information.

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual schedules for non-major and internal service funds are presented in a subsequent section of this report beginning on page 69.

The Village's total primary government net position decreased \$155,753 as shown on page 12 of the report.

STATEMENT OF NET POSITION (IN MILLIONS)

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current & Other						
Assets	16.0	13.0	6.2	7.9	22.2	20.9
Capital Assets	<u>92.9</u>	<u>95.9</u>	<u>48.2</u>	<u>48.4</u>	<u>141.1</u>	<u>144.3</u>
Total Assets	<u>108.9</u>	<u>108.9</u>	<u>54.4</u>	<u>56.3</u>	<u>163.3</u>	<u>165.2</u>
Current						
Liabilities	1.4	4.1	1.4	2.5	2.8	6.6
Non-Current						
Liabilities	<u>14.1</u>	<u>12.3</u>	<u>39.9</u>	<u>39.2</u>	<u>54.0</u>	<u>51.5</u>
Total						
Liabilities	15.5	16.4	41.3	41.7	56.8	58.1
Net Assets						
Investment in						
Capital						
Assets net of						
related debt	82.5	84.4	11.8	12.3	94.3	96.7
Restricted	3.6	3.0	-	-	3.6	3.0
Unrestricted	<u>7.3</u>	<u>5.1</u>	<u>1.3</u>	<u>2.3</u>	<u>8.6</u>	<u>7.4</u>
Total Net						
Position	93.4	92.5	13.1	14.6	106.5	107.1

The following table provides a summary of the Village's changes in net position:

STATEMENT OF ACTIVITIES (IN MILLIONS)

	Governmental Activities		Business type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenue:						
Program Revenues						
Charges for Services	\$ 1.2	\$ 1.3	\$ 5.8	4.9	\$ 7.0	5.2
Grants & Contributions	0.3	0.3	-	-	0.3	0.2
General Revenues						
Hotel Tax	1.2	1.0	-	-	1.2	0.9
Property Taxes	2.9	2.9	-	-	2.9	2.8
Inter-government Taxes	8.5	7.9	0.5	0.5	9.0	6.3
Investment Income	-	-	-	-	-	0.3
Others	0.7	0.5	0.1	0.2	0.8	1.0
Total Revenues	<u>14.8</u>	<u>13.9</u>	<u>6.4</u>	<u>5.6</u>	<u>21.2</u>	<u>16.7</u>
Expense:						
General						
Government	2.6	2.9	-	-	2.6	3.2
Public Safety	4.9	5.0	-	-	4.9	4.5
Community Development	0.6	0.6	-	-	0.6	0.6
Public Works	5.3	4.4	-	-	5.3	7.3
Interest	0.4	0.4	1.4	1.4	1.8	1.2
Water & Sewer	-	-	6.2	5.0	6.2	4.6
Total Expenses	<u>13.8</u>	<u>13.3</u>	<u>7.6</u>	<u>6.4</u>	<u>21.4</u>	<u>21.4</u>
(Increase) Decrease in net position	1.0	0.6	(1.2)	(0.8)	(0.2)	(4.7)

Financial Analysis of the Village's Funds

*Governmental Funds*

As discussed, governmental funds are reported in the fund statement with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$11.7 million, up \$2.7 million from the prior year total of \$9.0 million.

### *Major Governmental Funds*

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance of the General Fund increased \$2.1 from \$6.0 million to \$8.1 million. The General Fund cash balance of \$7.6 million remains within the policy limits established by the Village Board.

### *Enterprise funds*

The enterprise funds operated by the Village are the Water & Sewer. The Water Fund increased rates effective November 1, 2012. The Sewer Fund rates were increased as of November 1, 2012 to provide additional Village resources directed to improving storm water drainage.

### *General Fund Budgetary Highlights*

The original budget for the General Fund and actual expenditures did not exceed the budgeted amount.

### *Capital assets*

The Village established a policy of capitalizing assets with \$1,500 or more in value. The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of April 30, 2013 was \$92.9 million. The Village's investment in capital assets, net of accumulated depreciation, for business-type activities as of April 30, 2013 was \$49.2 million.

Additional information about capital assets can be found in Note F to the financial statements.

### *Long-term debt*

At the end of the fiscal year, the Village had total bonded debt outstanding of \$51.2 million. Of this amount, \$4.6 million is funded directly from property taxes. As a non-home rule government, under Illinois Law, the Village is limited to issuing debt to a level no greater than 8.625 % of the equalized assessed value. As of April 30, 2013 the Village debt represented 2.0 % of the equalized assessed value. Additional information about long-term debt can be found in Note G to the financial statements.

### *Bond Ratings*

The Village's general obligation bonds are rated Aa3 by Moody's Investor Rating Service. The Village's General obligation certificates are rated A2 by Moody's Investor Rating Service. The ratings were last confirmed in August 2012.

### *Economic Factors*

The local Village economy continues to hold firm in spite of a weak State economy. The Village of Itasca is primarily an affluent residential community heavily reliant on property and sales taxes and utility sales.

*Contacting the Village's Financial Management*

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Village's Administrator at 550 N. Irving Park Road, Itasca, IL. Or access the Village website at [www.itasca.com](http://www.itasca.com).

## **BASIC FINANCIAL STATEMENTS**

**Village of Itasca, Illinois**  
**STATEMENT OF NET POSITION**  
April 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 11,086,336	\$ 4,217,713	\$ 15,304,049
Receivables			
Property taxes	2,804,720	-	2,804,720
Accounts	-	974,591	974,591
Sales and income taxes	1,282,337	-	1,282,337
Other	620,951	-	620,951
Net pension asset	134,196	-	134,196
Due from fiduciary	102	-	102
Capital assets			
Capital assets not being depreciated	40,134,622	1,921,595	42,056,217
Capital assets net of accumulated depreciation	52,828,479	47,257,022	100,085,501
Total assets	108,891,743	54,370,921	163,262,664
Deferred outflows of resources			
Unamortized loss of refunding	97,955	-	97,955
Total assets and deferred outflows of resources	108,989,698	54,370,921	163,360,619
<b>LIABILITIES</b>			
Accounts payable	316,184	943,237	1,259,421
Accrued payroll	160,273	52,783	213,056
Accrued interest	151,700	350,555	502,255
Unearned revenue	25,000	-	25,000
Escrow deposits	617,012	-	617,012
Due to component unit	7,146	-	7,146
Due to other governments	121,904	-	121,904
Noncurrent liabilities			
Due within one year	1,198,451	2,370,000	3,568,451
Due in more than one year	10,122,736	37,574,069	47,696,805
Total liabilities	12,720,406	41,290,644	54,011,050
Deferred inflows of resources			
Unavailable property tax revenue	2,804,720	-	2,804,720
Total liabilities and deferred inflows of resources	15,525,126	41,290,644	56,815,770
<b>NET POSITION</b>			
Net investment in capital assets	82,462,526	11,769,338	94,231,864
Restricted for public safety	29,750	-	29,750
Restricted for streets	209,596	-	209,596
Restricted for tourism	1,838,982	-	1,838,982
Restricted for debt service	144,975	-	144,975
Restricted for special service areas	1,480,222	-	1,480,222
Unrestricted	7,298,521	1,310,939	8,609,460
Total net position	\$ 93,464,572	\$ 13,080,277	\$ 106,544,849

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
**STATEMENT OF ACTIVITIES**  
For the year ended April 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants and Contributions
<u>Functions/Programs</u>				
Primary government:				
Governmental activities:				
General government	\$ 2,539,131	\$ -	\$ -	\$ -
Public safety	4,898,678	412,952	-	-
Community development	627,001	643,243	-	131,517
Public works	5,320,761	120,415	205,955	-
Interest expense	424,737	-	-	-
Total governmental activities	13,810,308	1,176,610	205,955	131,517
Business-type activities:				
Water and sewer	6,191,960	5,762,679	-	-
Total primary government	\$ 20,002,268	\$ 6,939,289	\$ 205,955	\$ 131,517

General revenues:  
Property taxes  
Hotel taxes  
Intergovernmental taxes  
Miscellaneous  
Unrestricted investment earnings

Total general revenues

Change in net position

Net position - beginning

Prior period adjustment

Net position - beginning, restated

Net position - ending

Net (Expense) Revenue and  
Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (2,539,131)	\$ -	\$ (2,539,131)
(4,485,726)	-	(4,485,726)
147,759	-	147,759
(4,994,391)	-	(4,994,391)
(424,737)	1,402,734	977,997
<u>(12,296,226)</u>	<u>1,402,734</u>	<u>(10,893,492)</u>
-	(429,281)	(429,281)
<u>(12,296,226)</u>	<u>(1,832,015)</u>	<u>(11,322,773)</u>
2,922,967	-	2,922,967
1,229,225	-	1,229,225
8,518,068	490,777	9,008,845
626,420	143,008	769,428
35,226	6,797	42,023
<u>13,331,906</u>	<u>640,582</u>	<u>13,972,488</u>
<u>1,035,680</u>	<u>(1,191,433)</u>	<u>(155,753)</u>
92,556,483	14,592,462	107,148,945
<u>(127,591)</u>	<u>(320,752)</u>	<u>(448,343)</u>
<u>92,428,892</u>	<u>14,271,710</u>	<u>106,700,602</u>
<u>\$ 93,464,572</u>	<u>\$ 13,080,277</u>	<u>\$ 106,544,849</u>

The accompanying notes are an integral part of this statement.

## Village of Itasca, Illinois

Governmental Funds

BALANCE SHEET

April 30, 2013

	General	General Obligation 2008	Non- Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 7,556,646	\$ 5,729	\$ 3,523,961	\$ 11,086,336
Receivables				
Property taxes	1,952,116	767,731	84,873	2,804,720
Other	486,827	-	134,124	620,951
Sales and income taxes	1,282,337	-	-	1,282,337
Due from fiduciary	102	-	-	102
Due from other funds	51,600	-	19,672	71,272
Total assets	<u>\$ 11,329,628</u>	<u>\$ 773,460</u>	<u>\$ 3,762,630</u>	<u>\$ 15,865,718</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 316,184	\$ -	\$ -	\$ 316,184
Accrued payroll	159,120	-	1,153	160,273
Unearned revenue	25,000	-	-	25,000
Escrow deposits	617,012	-	-	617,012
Due to library	7,146	-	-	7,146
Due to other funds	-	51,600	19,672	71,272
Due to other governments	121,904	-	-	121,904
Compensated absences payable	30,147	-	-	30,147
Total liabilities	1,276,513	51,600	20,825	1,348,938
Deferred inflows of resources				
Unavailable property tax revenue	1,952,116	767,731	84,873	2,804,720
Total liabilities and deferred inflows of resources	<u>3,228,629</u>	<u>819,331</u>	<u>105,698</u>	<u>4,153,658</u>
<b>Fund balances</b>				
<b>Restricted</b>				
Public Safety	29,750	-	-	29,750
Debt Service	-	-	144,975	144,975
Highway and streets	-	-	209,596	209,596
Tourism	-	-	1,838,982	1,838,982
Special service areas	-	-	1,480,222	1,480,222
<b>Unrestricted</b>				
Unassigned (deficit)	8,071,249	(45,871)	(16,843)	8,008,535
Total fund balances (deficit)	<u>8,100,999</u>	<u>(45,871)</u>	<u>3,656,932</u>	<u>11,712,060</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,329,628</u>	<u>\$ 773,460</u>	<u>\$ 3,762,630</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	92,963,101
Some of the Village's expenses are paid before the services have occurred; therefore, these expenses are reported as net pension assets.	134,196
Long-term liabilities, including bonds payable, accrued interest, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(11,344,785)</u>
Net position of governmental activities	<u>\$ 93,464,572</u>

The accompanying notes are an integral part of this statement.

# Village of Itasca, Illinois

## Governmental Funds

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the year ended April 30, 2013

	General	General Obligation 2008	Non- Major Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 2,071,209	\$ 763,493	\$ 88,265	\$ 2,922,967
Hotel taxes	-	-	1,229,225	1,229,225
Licenses and permits	643,243	-	-	643,243
Intergovernmental	8,219,668	-	-	8,219,668
Food & Beverage Tax	298,400	-	-	298,400
Grants	131,517	-	205,955	337,472
Charges for services	120,415	-	-	120,415
Fines	412,952	-	-	412,952
Investment income	23,926	248	11,052	35,226
Miscellaneous	586,106	-	40,314	626,420
<b>Total revenues</b>	<b>12,507,436</b>	<b>763,741</b>	<b>1,574,811</b>	<b>14,845,988</b>
<b>Expenditures</b>				
Current				
General government	1,926,137	-	565,908	2,492,045
Public safety	4,785,808	-	-	4,785,808
Community development	619,252	-	-	619,252
Public works	2,512,072	-	-	2,512,072
Debt service				
Principal	460,000	595,000	55,000	1,110,000
Interest and fiscal agent fees	234,428	169,575	32,375	436,378
Issuance costs	-	-	-	-
Capital outlay	-	-	234,203	234,203
<b>Total expenditures</b>	<b>10,537,697</b>	<b>764,575</b>	<b>887,486</b>	<b>12,189,758</b>

Excess (deficiency) of revenues over expenditures	\$ 1,969,739	\$ (834)	\$ 687,325	\$ 2,656,230
Other financing sources (uses)				
Transfers in	119,530	-	-	119,530
Transfer (out)	-	-	(119,530)	(119,530)
Total other financing sources (uses)	119,530	-	(119,530)	-
Net change in fund balances	2,089,269	(834)	567,795	2,656,230
Fund balances (deficit) - beginning of year	6,011,730	(45,037)	3,089,137	9,055,830
Fund balances (deficit) - end of year	\$ 8,100,999	\$ (45,871)	\$ 3,656,932	\$ 11,712,060

The accompanying notes are an integral part of this statement.

## Village of Itasca, Illinois

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended April 30, 2013

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

Net change in fund balances - total governmental funds	\$ 2,656,230
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay.	(2,902,834)
The change in the net pension asset is reported as an expense on the statement of activities.	11,484
The issuance of long-term debt (e.g., bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and increases in compensated absences consume the current financial resources of governmental funds.	<u>1,270,800</u>
Change in net position of governmental activities.	\$ <u><u>1,035,680</u></u>

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
Proprietary Fund - Water and Sewer  
STATEMENT OF NET POSITION  
April 30, 2013

<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 4,217,713
Accounts receivable - trade	<u>974,591</u>
Total current assets	<u>5,192,304</u>
Capital assets	
Cost	69,262,894
Less: accumulated depreciation	<u>20,084,277</u>
Net capital assets	<u>49,178,617</u>
Total assets	<u>54,370,921</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	943,237
Accrued payroll	52,783
Bonds and loans payable - current portion	2,370,000
Accrued interest	<u>350,555</u>
Total current liabilities	<u>3,716,575</u>
Noncurrent liabilities	
Bonds payable	23,741,996
IEPA loan payable	13,500,000
IDOT loan payable	145,946
Compensated absences payable	<u>186,127</u>
Total noncurrent liabilities	<u>37,574,069</u>
Total liabilities	<u>41,290,644</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,769,338
Unrestricted	<u>1,310,939</u>
Total net position	<u>\$ 13,080,277</u>

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
Proprietary Fund - Water and Sewer  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
For the year ended April 30, 2013

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Operating revenues	
Charges for services	
Water fees	\$ 2,762,802
Sewer fees	2,999,877
Miscellaneous	<u>143,008</u>
Total operating revenues	<u>5,905,687</u>
Operating expenses excluding depreciation	
Salaries/stipends	1,230,548
Payroll taxes	209,782
Employee benefits	223,602
General operating	1,972,448
Repairs and maintenance	173,874
Professional services	166,813
Special services	161,233
Insurance	51,108
Capital	<u>108,366</u>
Total operating expenses excluding depreciation	<u>4,297,774</u>
Operating income before depreciation	1,607,913
Depreciation and amortization	<u>1,894,186</u>
Operating income (loss)	<u>(286,273)</u>
Nonoperating revenue and expense	
Interest expense	(1,402,734)
Bond stimulus payment	490,777
Investment income	6,797
Total nonoperating revenue and expense	<u>(905,160)</u>
Change in net position	<u>(1,191,433)</u>
Net position - beginning of year	14,592,462
Prior period adjustment	<u>(320,752)</u>
Net position - beginning of year, restated	<u>14,271,710</u>
Net position - end of year	<u>\$ 13,080,277</u>

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
 Proprietary Fund - Water and Sewer  
**STATEMENT OF CASH FLOWS**  
 For the year ended April 30, 2013

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RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Cash flows from operating activities	
Receipts from customers and users	\$ 5,838,050
Payments to suppliers	(4,272,988)
Payments to employees	(1,193,452)
Net cash from operating activities	371,610
Cash flows from noncapital financing activities	
Loan proceeds	1,895,946
Loan payments	(1,210,000)
Net cash from noncapital financing activities	685,946
Cash flows from capital and related financing activities	
Capital assets purchased	(2,669,394)
Bond stimulus payment	490,777
Interest paid on bonds payable	(1,402,734)
Net cash from capital and related financing activities	(3,581,351)
Cash flows from investing activities	
Sale of of investments	2,626,794
Investment income	6,797
Net cash from investing activities	2,633,591
Net increase in cash and equivalents	109,796
Cash and equivalents	
Beginning of year	4,107,917
End of year	\$ 4,217,713
Reconciliation to statement of net position	
Cash and equivalents	\$ 4,217,713
Investments	-
Cash and investments	\$ 4,217,713

The accompanying notes are an integral part of this statement.

(Continued)

**Village of Itasca, Illinois**  
Proprietary Fund - Water and Sewer  
STATEMENT OF CASH FLOWS (Continued)  
For the year ended April 30, 2013

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Cash flows from operating activities	
Operating income (loss)	\$ (286,273)
Adjustments to reconcile operating income (loss) to net cash used in operating activities	
Depreciation and amortization	1,894,186
Changes in assets and liabilities	
Accounts receivable	(67,637)
Accounts payable	(1,205,762)
Accrued payroll	8,003
Compensated absences	<u>29,093</u>
Net cash from operating activities	<u>\$ 371,610</u>

The accompanying notes are an integral part of this statement.

(Concluded)

**Village of Itasca, Illinois**  
Fiduciary Fund - Police Pension  
STATEMENT OF PLAN NET POSITION  
April 30, 2013

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<b>ASSETS</b>	
Cash and short-term investments	\$ 2,310,834
Investments, at fair value	
Mutual funds	4,221,359
U.S. Treasury securities	2,298,732
U.S. Agency securities	1,914,823
Corporate equity securities	3,018,988
Receivable (net, where applicable, of allowances for uncollectibles)	
Accrued interest	<u>17,830</u>
 Total assets	 13,782,566
 <b>LIABILITIES</b>	
Due to general fund	<u>102</u>
 Plan net position	
Held in trust for employee pension benefits	 <u>\$ 13,782,464</u>

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
Fiduciary Fund - Police Pension  
STATEMENT OF CHANGES IN PLAN NET POSITION  
For the year ended April 30, 2013

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Additions	
Employer contributions	\$ 545,817
Employee contributions	<u>204,928</u>
Total contributions	<u>750,745</u>
Investment income	
Interest and dividend income	256,765
Net appreciation (depreciation) in fair value of investments	<u>848,582</u>
Total investment income	1,105,347
Less investment expense	<u>(103,700)</u>
Net investment income	<u>1,001,647</u>
Total additions	<u>1,752,392</u>
Deductions	
Benefit payments	862,509
Administrative expenses	<u>29,491</u>
Total deductions	<u>892,000</u>
Net increase in plan net position	860,392
Plan net position at beginning of year	<u>12,922,072</u>
Plan net position at end of year	<u>\$ 13,782,464</u>

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
**INDEX FOR THE NOTES TO THE FINANCIAL STATEMENTS**  
April 30, 2013

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April 30, 2013

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**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Itasca, Illinois (the Village), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 Village's accounting policies are described below.

1. Reporting Entity

The Village operates under a Board of Trustees – President – Administrator form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, water and sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by GAAP, these financial statements present the Village and its component unit. Component units are entities for which the Village is considered to be financially accountable. “Blended” component units, although legally separate entities, are, in substance, part of the Village’s operations.

Based on the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*, there are no financially accountable component units for which the Village is considered to be

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 properly included among program revenues are reported instead as general revenues.

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

3. Fund Accounting

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used for aid management in demonstrating compliance with financial, legal, and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or assigned monies (special revenue funds), the funds restricted for the acquisition or construction of capital assets (capital projects funds), and the funds restricted for the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, a trust fund is used.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable" and "available." Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property, sales, and telecommunication taxes owed to the state at year end, franchise, utility, and food and beverage taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenues are considered to be measurable and available only when cash is received by the Village.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation(Continued)

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *General Obligation 2008 Fund* accounts for the principal and interest payments of the Series 2008 general obligation bonds.

The Village reports the following major and only proprietary fund:

The *Water and Sewer Fund* accounts for the provision of potable water services and sewer services to the residential, commercial, and industrial users. All activities necessary to provide such services are accounted for in this fund, including but not limited to: administration, operations, maintenance, billing, and collection.

Additionally, the Village reports the following fund:

The *Police Pension Trust Fund* accounts for the accumulation of resources to pay police pension costs. Resources are contributed by members at rates fixed by state statutes and by the government through an annual property tax levy.

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

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures/expenses recorded. In the other, monies are virtually unrestricted as to purpose of expenditures/expense and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The Village reports unearned revenue and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenues arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arises when resources are received by the Village before it has a legal claim to them or prior to the provision of services, 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 and deferred inflows of resources for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

5. Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

6. Investments

Short-term investments are stated at cost or amortized cost plus accrued interest. Long-term investments (those with original maturities over one year) are recorded at fair value.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of more than \$75,000 for streets, bridges, and storm sewers, \$15,000 for sidewalks, \$2,500 for lights, and \$1,500 for all other capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	10 - 50
Machinery, equipment, and furniture	7 - 10
Transportation equipment	10
Infrastructure	20 - 50
Water and sewer system	40
Books and audio-visual materials	5 - 7

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Interfund Transactions

Numerous transactions between funds occur during the normal course of operations, including expenditures and transfers of resources to provide services, construct assets, and service debt. The financial statements generally reflect such transactions as transfers. Interfund receivables and payables remaining at the balance sheet date are classified as “due from other funds” and “due to other funds.”

9. Compensated Absences

The Village’s employees earn vacation leave pay, which generally must be taken within the next two years following its accumulation. Eleven paid holidays are granted to full-time employees. Employees also earn personal leave pay, which must be taken in the calendar year granted. It is also the Village’s policy to allow employees to earn sick leave up to a maximum of 72 days. An employee may be compensated for any unused accumulated sick leave upon separation, provided that the employee meets certain criteria. All pay due in the event of termination is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

11. Fund Equity

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fund Equity (Continued)

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Village Board, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village Administrator. Any residual fund balance of the General Fund is reported as unassigned.

The Village has not adopted a fund balance policy. Therefore, in accordance with GASB Statement No. 54, the default flow of funds has been applied which prescribes that funds with the highest level of constraint are expended first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets, is the book value of the capital assets, less any debt outstanding that was issued to construct or acquire the capital assets. None of the Village's net position or fund balances are restricted as a result from enabling legislation adopted by the Village.

12. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

13. Risk Management

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health; injuries to employees; and net income losses. The Village purchases private insurance for its employee health risks, workers' compensation, and liability coverages.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds." The details of this difference are as follows:

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
 April 30, 2013

**NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

(Continued)

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position (Continued)

General obligation bonds, net of deferred items	\$	4,034,435
General obligation certificates		5,954,095
Special service area bonds		610,000
Unamortized loss on refunding		(97,955)
Accrued interest payable		151,700
Compensated absences		670,899
Net other postemployment benefit obligation		<u>21,611</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position of governmental activities	\$	<u><u>11,344,785</u></u>

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$	169,060
Depreciation expense net of dispositions		(3,068,431)
Loss on disposal of capital assets		<u>(3,463)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$	<u><u>(2,902,834)</u></u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, compensated absences) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and increases in compensated absences consume the current financial resources of governmental funds.” The details of this difference are as follows:

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Principal repayments		
General obligation bonds	\$	595,000
General obligation certificates		460,000
Special service area bonds		55,000
Amortization of loss on refunding		(15,291)
Amortization of bond premium		42,482
Compensated absences		129,742
Increase in net other postemployment benefit obligation		(7,774)
Change in accrued interest		11,641
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities		1,270,800

NOTE C - COMPLIANCE - DEFICIT FUND EQUITY

The following funds had a deficit balance at April 30, 2013:

Fund		Deficit
General Obligations 2008	\$	45,871
Spring Lake Special Service Area - Debt Service Fund		16,843

NOTE D - DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by most funds. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents." In addition, investments are separately held by several of the Village's funds. The Village's investment policy and state statutes allow the Village to invest in the following:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of banks and savings and loan associations insured up to \$250,000 by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500 million and rated in the highest classification by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- Illinois Funds.
- Repurchase agreements which meet instrument transaction requirements of Illinois law.

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

1. Deposits and Investments

The deposits and investments of the Police Pension Fund is held separately from those of other Village funds. In addition to the aforementioned investments, the police pension investment policy permits investments in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate, limited to 10% of the fund's investments.
- Bonds issued by any county, city, township, village, incorporated town, municipal corporation, or school district in Illinois.
- Tax anticipation warrants issued by any city, township, village, incorporated town, or fire protection district in Illinois.
- Equity accounts up to a limit of 45% of the aggregate fair value of the fund's assets.
- Direct obligations of the State of Israel.

In addition, pension funds with net position of \$2.5 million or more may invest up to 35% of plan net position in a separate account of life insurance companies and mutual funds. If pension funds have net position of at least \$5 million and have an appointed investment advisor, the pension funds may, through that investment advisor, invest up to 35% of the plan's net position in common and preferred stocks which meet specific restrictions.

As of April 30, 2013, the Village's cash and investments consisted of the following:

	Government- Wide	Fiduciary	Total
Cash and investments	\$ <u>15,304,049</u>	\$ <u>13,764,736</u>	\$ <u>29,068,785</u>

For disclosure purposes, this amount is segregated into three components: 1) cash on hand; 2) deposits with financial institutions, which include amounts held in demand accounts and savings accounts; and 3) other investments, which consist of investments in the Governmental Cash Investment Fund, certificates of deposit, Federal National Mortgage Association, Federal Home Loan Bank, money markets, U.S. Government treasuries, mutual funds, and common stocks as follows:

	Total
Cash on hand	\$ 774
Deposits with financial institutions - Village	12,468,718
Deposits with financial institutions - Police Pension Fund	2,310,834
Other investments - Village	2,834,557
Police Pension Fund - other investments	11,453,902
Total	\$ 29,068,785

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

1. Deposits and Investments (Continued)

As of April 30, 2013, the Village has the following investment in debt securities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Illinois Metropolitan Investment Trust	\$ 1,422,591	\$ 1,422,591	\$ -
Negotiable CD's	4,830,761	1,745,700	3,085,061
Total	<u>\$ 6,253,352</u>	<u>\$ 3,168,291</u>	<u>\$ 3,085,061</u>

As of April 30, 2013, the Police Pension Fund has the following investment in debt securities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>
U.S Agency obligations	\$ 1,914,823	\$ 40,162	\$ 228,099	\$ 268,545	\$ 1,378,017
U.S Treasury obligations	2,298,732	395,984	514,025	868,187	520,536
	<u>\$ 4,213,555</u>	<u>\$ 436,146</u>	<u>\$ 742,124</u>	<u>\$ 1,136,732</u>	<u>\$ 1,898,553</u>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE D - DEPOSITS AND INVESTMENTS (Continued)

2. Interest Rate Risk

The Police Pension Fund investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The objective is the preservation of capital while providing for the long-term growth of principal without undue exposure to risk.

3. Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not impose further limits on investment choices. As of April 30, 2013, the Village's investments in Federal National Mortgage Association and Federal Home Loan Bank bonds were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Illinois Funds' fair value of the position in the external investment pool is the same as the value of the pool shares and these investments are not subject to risk categorization and conform to the Illinois Public Funds Act. The fund is managed by the financial institution in which it is held.

The Police Pension Fund's investment policy does not impose additional limits on investment choices.

4. Custodial Credit Risk

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.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be return to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police 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.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police Pension Fund deposits may not be return to it. The Police Pension Fund investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Police Pension Fund in the Police Pension Fund's name.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE D - DEPOSITS AND INVESTMENTS (Continued)

5. Concentration of Credit Risk

It is the policy of the Village to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over-concentration in a security, maturity, issuer, or class of securities. The Village's investment policy requires the Village to diversify its investments by security instrument and institution. Diversification by security instrument is as follows: U.S. Treasury obligations - 100% maximum; U.S. Government agency securities and instrumentalities of government sponsored corporations - 100% maximum; certificates of deposit (CDs) commercial banks - 33% maximum, the exception would be when the CDs are being invested using the Certificate of Deposit Account Registry Service (CDARS) or similar system; Illinois Governmental Cash Investment Fund - 20% maximum; and Illinois Metropolitan Investment Fund - 15%. Diversification by institution is as follows: CDs - no more than 15% of the total portfolio with any one institution.

It is the policy of the Police Pension Fund to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over-concentration in a security, maturity, issuer, or class of securities. The Police Pension Fund's investment policy requires the Police Pension Fund to diversify its investments by asset class (equities, bonds, and cash equivalents) and within equities by economic sector, industry, quality, size, investment style, etc. Diversification by asset allocation is as follows: Large Cap Growth - 7% minimum, 10% preferred, 13% maximum; Large Cap Value - 7% minimum, 10% preferred, 13% maximum; Small/Midcap Growth - 5% minimum, 7.5% preferred, 10% maximum; Small/Midcap Value - 5% minimum, 7.5% preferred, 10% maximum; International Growth - 1% minimum, 2.5% preferred, 4% maximum; International Value - 1% minimum, 2.5% preferred, 4% maximum; and Fixed Income and Cash - 55% minimum, 60% preferred, 65% maximum.

NOTE E - RECEIVABLES

1. Property Taxes

Property taxes for 2012 attached as an enforceable lien on January 1, 2012 on property values assessed as of the same date and are recorded as receivables and unavailable revenue at April 30, 2013. The levy is intended to finance operations of the next fiscal year. Taxes are levied by December 2012 (by passage of a Tax Levy Ordinance). Tax bills are prepared by DuPage County payable in two installments, on or about June 1 and September 1, 2012. The County collects such taxes and remits them periodically. The 2013 tax levy, which attached as an enforceable lien on property as of January 1, 2013, has not been recorded as a receivable as of April 30, 2013 as the tax has not yet been levied by the Village and will not be levied until December 2013 and, therefore, the levy is not measurable at April 30, 2013.

**Village of Itasca, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
April 30, 2013

NOTE E - RECEIVABLES (Continued)

2. Other

Other receivables consist of the following receivables at April 30, 2013.

Governmental activities		
Other miscellaneous receivables	\$	489,743
Hotel tax		116,334
Motor fuel tax		14,874
Total governmental activities	\$	620,951

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 was as follows:

1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 40,134,622	\$ -	\$ -	\$ 40,134,622
Total capital assets, not being depreciated	40,134,622	-	-	40,134,622
Capital assets, being depreciated				
Buildings and improvements	19,057,217	-	-	19,057,217
Machinery and equipment	813,830	69,380	-	883,210
Transportation equipment	1,513,888	99,680	16,160	1,597,408
Infrastructure	109,695,182	-	-	109,695,182
Total capital assets being depreciated	131,080,117	169,060	16,160	131,233,017
Less accumulated depreciation for:				
Buildings and improvements	5,269,233	269,131	-	5,538,364
Machinery and equipment	500,119	52,508	-	552,627
Transportation equipment	1,061,438	80,240	12,697	1,128,981
Infrastructure	68,518,014	2,666,552	-	71,184,566
Total accumulated depreciation	75,348,804	3,068,431	12,697	78,404,538
Total capital assets being depreciated, net	55,731,313	(2,899,371)	3,463	52,828,479
Governmental activities capital assets, net	\$ 95,865,935	\$ (2,899,371)	\$ 3,463	\$ 92,963,101

**Village of Itasca, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
April 30, 2013

NOTE F - CAPITAL ASSETS (Continued)

2. Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land and improvements	\$ 1,335,645	\$ -	\$ -	\$ 1,335,645
Construction in progress	-	585,950	-	585,950
Total capital assets, not being depreciated	<u>1,335,645</u>	<u>585,950</u>	<u>-</u>	<u>1,921,595</u>
Capital assets, being depreciated				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,484,790	129,557	-	1,614,347
Water and sewer system	63,272,898	1,953,887	-	65,226,785
Total capital assets being depreciated	<u>65,257,855</u>	<u>2,083,444</u>	<u>-</u>	<u>67,341,299</u>
Less accumulated depreciation for:				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,155,245	63,176	-	1,218,421
Water and sewer system	16,531,911	1,833,778	-	18,365,689
Total accumulated depreciation	<u>18,187,323</u>	<u>1,896,954</u>	<u>-</u>	<u>20,084,277</u>
Total capital assets being depreciated, net	<u>47,070,532</u>	<u>186,490</u>	<u>-</u>	<u>47,257,022</u>
Business-type activities capital assets, net	<u>\$ 48,406,177</u>	<u>\$ 772,440</u>	<u>\$ -</u>	<u>\$ 49,178,617</u>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE F - CAPITAL ASSETS (Continued)

3. Depreciation Expense

Depreciation expense related to governmental activities was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$	148,664
Public safety		90,632
Community development		7,749
Public works		<u>2,821,386</u>
Total depreciation expense - governmental activities	\$	<u><u>3,068,431</u></u>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

**NOTE G - LONG-TERM DEBT**

**1. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended April 30, 2013, is as follows:

**a. Primary Government - Governmental Activities**

	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds							
Series 2008B	3.00% - 4.00%	12/15/2018	\$ 4,575,000	\$ -	\$ 595,000	\$ 3,980,000	\$ 610,000
Less unamortized premium:							
Series 2008B			63,508	-	9,073	54,435	9,073
			<u>4,638,508</u>	<u>-</u>	<u>604,073</u>	<u>4,034,435</u>	<u>619,073</u>
General Fund Refunding Certificates							
Series 2010	2.00% to 4.00%	12/1/2022	6,080,000	-	460,000	5,620,000	470,000
Less unamortized premium							
Series 2010			367,504	-	33,409	334,095	24,231
			<u>6,447,504</u>	<u>-</u>	<u>493,409</u>	<u>5,954,095</u>	<u>494,231</u>
Special Service Area Bonds							
Series 2006		12/15/2021	665,000	-	55,000	610,000	55,000
			<u>665,000</u>	<u>-</u>	<u>55,000</u>	<u>610,000</u>	<u>55,000</u>
Compensated absences payable			824,745	-	123,699	701,046	30,147
Net postemployment benefit obligation			13,837	7,774	-	21,611	-
			<u>824,745</u>	<u>7,774</u>	<u>123,699</u>	<u>701,046</u>	<u>30,147</u>
<b>Total</b>			<b>\$ 12,589,594</b>	<b>\$ 7,774</b>	<b>\$ 1,276,181</b>	<b>\$ 11,321,187</b>	<b>\$ 1,198,451</b>

**b. Primary Government - Business-Type Activities**

General obligation Bonds Series 2009A	\$ 24,000,000	\$ -	\$ -	\$ 24,000,000	\$ 330,000
Illinois EPA bonds	15,000,000	-	750,000	14,250,000	750,000
IDOT loan	-	1,895,946	460,000	1,435,946	1,290,000
Unamortized premium	74,765	-	2,769	71,996	-
Compensated absences payable	157,034	186,127	157,034	186,127	-
	<u>\$ 39,231,799</u>	<u>\$ 2,082,073</u>	<u>\$ 1,369,803</u>	<u>\$ 39,944,069</u>	<u>\$ 2,370,000</u>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE G - LONG-TERM DEBT (Continued)

2. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund both general obligation bonds and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The Village also issued bonds where the government pledges income derived from the special service areas to pay debt service.

3. Debt Service Requirements to Maturity

	Primary Government		
	Principal	Interest	Total
2014	\$ 3,505,000	\$ 1,806,755	\$ 5,311,755
2015	2,410,946	1,754,709	4,165,655
2016	2,310,000	1,698,230	4,008,230
2017	2,385,000	1,636,612	4,021,612
2018	2,445,000	1,569,550	4,014,550
2019-2023	10,080,000	6,895,532	16,975,532
2024-2028	6,650,000	5,777,490	12,427,490
2029-2033	7,980,000	4,805,520	12,785,520
2034-2039	12,130,000	2,762,230	14,892,230
	\$ 49,895,946	\$ 28,706,628	\$ 78,602,574

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE H - INTERFUND BALANCES AND TRANSFERS

Individual interfund balances at April 30, 2013 are shown as follows:

	Interfund Receivables	Interfund Payables
<b>General Fund</b>		
General Obligation 2008 Fund	\$ 51,600	\$ -
Total General Fund	51,600	-
<b>Debt Service Funds</b>		
General Obligation 2008 Fund		
General Fund	-	51,600
Total General Obligation 2008 Fund	-	51,600
Spring Lake Special Service Area Fund - Debt Service		
Spring Lake SSA - Capital Projects	-	19,672
Total Debt Service Funds	-	71,272
<b>Capital Projects Fund</b>		
Spring Lake Special Service Area Capital Projects Fund		
Spring Lake Special Service Area Debt Service Fund	19,672	-
Total Capital Projects Funds	19,672	-
	\$ 71,272	\$ 71,272

These balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

Individual interfund transfers during the fiscal year ended April 30, 2013 were as follows:

	Transfers	
	In	Out
General Fund	\$ 119,530	\$ -
Hotel Tax Fund	-	119,530
Total transfers	\$ 119,530	\$ 119,530

The transfer from the Hotel Tax Fund was to support the nature center activities.

NOTE I - CONTINGENT LIABILITIES

1. Litigation

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

2. Grants

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

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE J - COMMITMENTS

1. DuPage Water Commission

The Village is a customer of the DuPage Water Commission (the Commission) and has executed a Water Supply Contract with the Commission for a term ending in the year 2024. The contract provides that the Village pay its proportionate share of "fixed costs" (debt service and capital costs) to the Commission, such obligation being unconditional and irrevocable whether or not water is delivered.

The Village has committed to purchase water from the Commission. The Village expects to pay the following minimum amounts:

<u>Fiscal Year Ending April 30,</u>	<u>Amount</u>
2014	\$ 122,077
2015	122,077
2016	<u>122,077</u>
	<u>\$ 366,231</u>

These amounts have been calculated using the Village's current allocation percentage of 1.7083%. In future years, this allocation percentage will be subject to change.

The Village's water supply agreement with the Commission provides that each customer is liable for its proportionate share of any costs arising from defaults in payment obligations by other customers.

NOTE K - EMPLOYEE RETIREMENT SYSTEMS

1. Illinois Municipal Retirement Fund

*Plan Descriptions and Provisions*

The Village's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan, that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

*Plan Descriptions and Provisions* (Continued)

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Village is required to contribute at an actuarially determined rate. The employer rate for calendar year 2012 was 12.26% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2010 was 30 years.

For the year ended April 30, 2013, the Village's annual pension cost of \$300,663 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor.

TREND INFORMATION

Annual Required Contribution (ARC)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 300,663	100	% \$ -
2012	314,857	100	-
2011	307,689	100	-

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
 April 30, 2013

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

*Plan Descriptions and Provisions* (Continued)

The funded status of the plan at April 30, 2013, based on actuarial valuations performed as of December 31, 2012 for the IMRF is as follows. The actuarial assumptions used to determine the employer APC of the plan as disclosed above.

	Illinois Municipal Retirement
Actuarial accrued liability (AAL)	\$ 12,043,200
Actuarial value of plan assets	9,134,899
Unfunded actuarial accrued liability (UAAL)	2,908,301
Funded ratio (actuarial value of plan assets/AAL)	75.85%
Covered payroll (active plan members)	\$ 3,099,376
UAAL as a percentage of covered payroll	93.84%

See the schedule of funding progress in the required supplementary information immediately following the notes to the financial statements for additional information related to the funded status of the plan.

2. Police Pension

*Plan Description and Provisions*

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 Compiled Statutes (Chapter 40-Article 5/3) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. Administrative costs are financed through investment earnings. The Village's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2013 was \$1,998,734. At April 30, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	18
Current employees	
Vested	16
Nonvested	7
Total	41

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to 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 annual benefit shall be increased by 2.50% of

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

*Plan Description and Provisions* (Continued)

salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight 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 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the annual change in the CPI or 3.00% compounded.

The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Basis of Accounting*

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

*Method Used to Value Investments*

Investments are valued at market. Investment income is recognized as earned.

*Significant Investments*

There are no investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5% or more of the net assets available for benefits.

*Related-Party Transactions*

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

*Contributions*

Village contributions are determined annually by an actuarial study using the entry-age normal cost method. The valuation was prepared as of April 30, 2013. Significant assumptions used in the calculations include (a) 7.65% return on investments, (b) projected salary increases of 4.5% per year, and (c) 28-year amortization of unfunded liability.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

*Contributions* (Continued)

ANNUAL PENSION COST AND NET PENSION LIABILITY

Annual required contribution (ARC)	\$	537,359
Interest on net pension obligation		(9,510)
Adjustment to annual required contribution		<u>6,484</u>
Annual pension cost (APC)		534,333
Contributions made		<u>545,817</u>
Decrease in net pension obligation		(11,484)
Net pension obligation (asset)		
Beginning of year		<u>(122,712)</u>
End of year	\$	<u><u>(134,196)</u></u>

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Actual Employer Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
4/30/11	\$ 617,817	98.1 %	(122,712)
4/30/12	617,051	96.7	(122,712)
4/30/13	545,817	102.1	(134,196)

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	April 30, 2013
Actuarial cost method	Entry-age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	Market

Significant actuarial assumptions:

a)	Investment rate of return	7.65% including inflation at 3.00%
b)	Projected salary increases	4.50% including inflation at 3.00%
c)	Cost-of-living adjustments	3.00% per year

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

*Contributions* (Continued)

The funded status of the plan as of April 30, 2013, based on actuarial valuations performed as of April 30, 2013 for the Police Pension Plan is as follows. The actuarial assumptions used to determine the funded status of the plan are the same actuarial assumptions used to determine the employer APC of the plan as disclosed above.

	<u>Police Pension</u>
Actuarial accrued liability (AAL)	\$ 23,655,529
Actuarial value of plan assets	13,782,647
Unfunded actuarial accrued liability (UAAL)	9,872,882
Funded ratio (actuarial value of plan assets/AAL)	58.3%
Covered payroll (active plan members)	\$ 1,998,734
UAAL as a percentage of covered payroll	494.0%

See the schedule of funding progress in the required supplementary information immediately following the notes to the financial statements for additional information related to the funded status of the plan.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS

1. Plan Description

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

2. Benefits Provided

The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Upon a retiree reaching age 65 years of age, Medicare become the primary insurer.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE L - OTHER POSTEMPLOYMENT BENEFITS (Continued)

3. Membership

At April 30, 2012, membership consisted of:

Retirees and beneficiaries currently receiving benefits	13
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	
Vested	43
Nonvested	<u>17</u>
TOTAL	<u><u>73</u></u>
Participating employers	<u><u>1</u></u>

4. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

5. Annual OPEB Costs and Net OPEB Obligation

The last actuarial valuation was completed as of April 30, 2012. The net OPEB obligation has been updated through April 30, 2013. The Investment Rate of Return and Projected Salary Increases Assumptions have been reduced to 4.0% from 5.0%. The Implicit Benefit Percentage has been increased to 40% from 20%. The Percentage of Active Employees assumed to Elect Benefit has been increased to 50% from 20%. The current premiums have increased 13.4%. There are no retired members receiving PSEBA benefits.

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (Continued)

5. Annual OPEB Costs and Net OPEB Obligation (Continued)

The Village's annual OPEB cost, employer contributions, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for the last three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2011	\$ 7,924	\$ 4,497	56.4 %	\$ 10,410
April 30, 2012	7,924	4,497	56.7	13,837
April 30, 2013	46,693	38,919	83.4	21,611

The net OPEB obligation as of April 30, 2013 was calculated as follows:

Annual required contribution	\$ 46,601
Interest on net OPEB obligation	553
Adjustment to annual required contribution	<u>(461)</u>
Annual OPEB cost	46,693
Contributions made	<u>38,919</u>
Increase (decrease) in net OPEB obligation	7,774
Net OPEB obligation, beginning of year	<u>13,837</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<b><u>\$ 21,611</u></b>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 849,939
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	849,939
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,098,110
UAAL as a percentage of covered payroll	16.67%

Actuarial valuations of an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC 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 that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2013

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NOTE L - OTHER POSTEMPLOYMENT BENEFITS (Continued)

5. Annual OPEB Costs and Net OPEB Obligation (Continued)

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

In the April 30, 2012 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded AAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2012 was 30 years.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**Village of Itasca, Illinois**  
**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
April 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
12/31/12	\$ 9,134,899	\$ 12,043,200	75.85	2,908,301	\$ 3,099,376	93.84 %
12/31/11	8,789,917	11,682,844	75.24	2,892,927	3,188,179	90.74
12/31/10	9,658,890	12,052,737	80.14	2,393,847	3,217,695	74.40
12/31/09	9,281,642	11,676,520	79.49	2,394,878	3,348,773	71.52
12/31/08	8,907,695	10,539,302	84.52	1,631,607	3,418,951	47.72
12/31/07	10,302,966	10,385,516	99.18	85,550	3,327,057	2.57

See independent auditor's report.

**Village of Itasca, Illinois**  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
April 30, 2013

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2013	\$ 300,663	\$ 300,663	100 %
2012	314,857	314,857	100
2011	307,689	307,689	100
2010	243,001	243,001	100
2009	245,125	245,125	100
2008	276,004	276,004	100

See independent auditor's report.

**Village of Itasca, Illinois**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE PENSION FUND**  
April 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
4/30/13	\$ 13,782,647	\$ 23,655,529	58.3 %	\$ 9,872,882	\$ 1,998,734	494.0 %
4/30/12	12,922,072	21,583,226	59.9	8,661,154	1,877,990	461.2
4/30/11	12,962,967	20,442,904	63.4	7,882,847	1,973,692	379.0
4/30/10	11,517,790	19,130,207	60.2	7,612,417	1,987,850	382.9
4/30/09	9,852,858	17,730,329	55.5	7,877,471	1,926,683	409.1
4/30/08	11,416,985	17,166,902	66.5	5,749,917	1,968,202	292.1

See independent auditor's report.

**Village of Itasca, Illinois**  
**POLICE PENSION FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
April 30, 2013

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2013	\$ 545,817	\$ 537,359	101.6 %
2012	596,937	621,324	95.5
2011	606,037	620,922	97.6
2010	502,722	490,884	102.4
2009	394,890	384,556	101.3
2008	386,414	371,812	104.7

See independent auditor's report.

**Village of Itasca, Illinois**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
April 30, 2013

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5)
4/30/13	\$ -	\$ 849,939	0.00 %	\$ 849,939	\$ 5,098,110	16.7 %
4/30/12	-	849,939	0.00	849,939	5,066,169	16.8
4/30/11	-	137,602	0.00	137,602	5,224,311	2.6
4/30/10	-	137,602	0.00	137,602	5,271,227	2.6
4/30/09	-	137,602	0.00	137,602	5,271,227	2.6

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009.

Information for prior years is not available.

See independent auditor's report.

**Village of Itasca, Illinois**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
April 30, 2013

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2013	\$ 38,919	\$ 46,601	83.5 %
2012	4,497	7,855	57.3
2011	4,497	7,855	57.3
2010	4,497	7,855	57.3
2009	4,497	7,855	57.3

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009.

Information for prior years is not available.

See independent auditor's report.

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the year ended April 30, 2013

	Original and Final Budget	Actual
<b>Revenues</b>		
Property taxes	\$ 2,104,639	\$ 2,071,209
Licenses	148,500	147,387
Building and other permits	397,500	495,856
<b>Intergovernmental</b>		
Sales	4,512,959	4,691,351
State income	710,000	779,452
Replacement	70,000	84,623
Local use	115,000	138,799
Telecommunications	1,150,000	1,173,205
Utility tax	1,050,000	1,352,238
Food and beverage tax	216,000	298,400
Grants	221,810	131,517
Parking and other fees	140,500	120,415
Police fines and other receipts	420,000	412,952
Investment income	10,000	23,926
Miscellaneous	692,987	586,106
<b>Total revenues</b>	<b>11,959,895</b>	<b>12,507,436</b>
<b>Expenditures</b>		
<b>Current</b>		
<b>General government</b>		
Administrative	2,158,920	1,805,943
Nature center	153,569	120,194
Public safety	5,010,971	4,785,808
Community development	633,273	619,252
Public works	3,309,624	2,512,072
<b>Debt service</b>		
Principal	460,000	460,000
Interest and fiscal agent fees	234,428	234,428
<b>Total expenditures</b>	<b>11,960,785</b>	<b>10,537,697</b>
Excess (deficiency) of revenues over expenditures	(890)	1,969,739
<b>Other financing sources (uses)</b>		
Transfers in	153,569	119,530
<b>Net change in fund balances</b>	<b>\$ 152,679</b>	<b>2,089,269</b>
Fund balance at beginning of year		6,011,730
Fund balance at end of year		<b>\$ 8,100,999</b>

See independent auditor's report.

**Village of Itasca, Illinois**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
April 30, 2013

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1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

The Village Board passes and approves an annual appropriation ordinance and an operating budget. The operating budget proposes expenditures and a means to finance them. The appropriations ordinance determines the legal level at which expenditures/expenses may not exceed appropriations. The legal level of control is administered at the fund level. All appropriations lapse at year-end.

The following procedures have been established in approving the budget and passing the appropriation ordinance:

- a) A proposed budget is prepared by the Village President and Village Administrator and is reviewed by the Village Board. Public meetings are held to obtain citizen comment.
- b) The proposed budget is approved by motion of the Village Board.
- c) An annual appropriation ordinance is prepared based upon the approved budget. A public hearing is held to obtain citizen comment.
- d) The appropriation ordinance is passed and approved by the Village Board.
- e) The Village Board may modify the appropriation ordinance through a supplemental appropriation ordinance. There were no supplemental appropriation ordinances during the year.

The approved budget is reflected in these schedules to provide a more meaningful comparison of planned to actual operations. The budget is adopted for the general, special revenue, and enterprise funds.

**SUPPLEMENTAL INFORMATION**

**Village of Itasca, Illinois**  
**General Fund**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
Administrative		
Salaries/stipends		
President	\$ 18,430	\$ 16,771
Trustees	26,500	14,575
Administrator	54,370	54,737
Clerk	1,040	-
Clerical	156,455	151,166
Total salaries/stipends	<u>256,795</u>	<u>237,249</u>
Payroll taxes		
FICA	18,778	18,610
Unemployment tax	2,042	865
IMRF	33,000	30,842
Total payroll taxes	<u>53,820</u>	<u>50,317</u>
Employee benefits		
Group insurance	96,000	91,864
Uniforms	750	259
Total employee benefits	<u>96,750</u>	<u>92,123</u>
Operating		
Gas heating/electric	32,000	17,057
Telephone	24,000	16,736
Postage	6,700	6,437
Publication legal notices	3,500	3,397
Codification	5,000	-
Operating supplies - general	8,000	4,558
Conferences	2,500	2,833
Office supplies	7,000	6,090
Physical	175	48
Training	2,000	47
Dues, subscriptions, and meetings	10,100	6,338
Rentals	3,000	3,932
Community relations	29,000	16,866
Software	13,000	8,418
Miscellaneous	26,130	14,852
Total operating	<u>172,105</u>	<u>107,609</u>

(Continued)

**Village of Itasca, Illinois**  
**General Fund**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the year ended April 30, 2013**

	<u>Budget</u>	<u>Actual</u>
Administrative (Continued)		
Repairs and maintenance		
Building	\$ 53,000	\$ 22,503
Total repairs and maintenance	<u>53,000</u>	<u>22,503</u>
Professional services		
Legal	355,000	216,960
Payroll	13,000	11,211
Audit	25,500	24,515
Newsletter	21,000	17,673
Janitorial	50,000	39,082
Consulting services	29,000	17,159
Other	66,000	54,928
Total professional services	<u>559,500</u>	<u>381,528</u>
Special services		
Village share - garbage	819,000	786,347
Boards and commissions		
Planning commission	9,000	6,454
Police commission	10,000	7,637
Historical commission	5,000	3,537
Total boards and commission	<u>24,000</u>	<u>17,628</u>
Grants		
Seniors	8,000	8,000
O'Hare western access	46,000	51,995
Total grants	<u>54,000</u>	<u>59,995</u>
Insurance		
Liability	32,000	15,890
Workers' compensation	3,500	5,042
Total insurance	<u>35,500</u>	<u>20,932</u>

(Continued)

**Village of Itasca, Illinois**  
**General Fund**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the year ended April 30, 2013**

	<u>Budget</u>	<u>Actual</u>
Administrative (Continued)		
Capital expenditures		
Equipment	\$ 34,450	\$ 29,712
Total capital expenditures	<u>34,450</u>	<u>29,712</u>
Total administrative	<u>2,158,920</u>	<u>1,805,943</u>
Public works		
Salaries/stipends		
Directors/supervisors	140,027	134,343
General labor	407,466	356,585
Clerical	29,035	20,935
Total salaries/stipends	<u>576,528</u>	<u>511,863</u>
Payroll taxes		
FICA	42,642	40,068
Unemployment tax	2,000	1,371
IMRF	70,682	68,367
Total payroll taxes	<u>115,324</u>	<u>109,806</u>
Employee benefits		
Group insurance	132,622	127,481
Uniforms	5,000	4,400
Total employee benefits	<u>137,622</u>	<u>131,881</u>
Operating		
Electricity	55,000	75,913
Gas heating	10,000	16,683
Telephone	10,000	11,632
Postage	300	300
Conferences	6,000	479
Operating supplies - general	10,000	5,402
Motor fuel and lubrication	30,000	36,461
Office supplies	2,000	815
Training	3,000	-
Dues, subscriptions, and meetings	1,400	1,764
Rentals	10,000	772

(Continued)

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
 For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
Public works (Continued)		
Operating (Continued)		
Employee physicals	\$ 1,250	\$ 1,045
Rubbish removal	10,000	3,891
Streets - bulk materials	10,000	9,412
Total operating	<u>158,950</u>	<u>164,569</u>
Repairs and maintenance		
Vehicles	35,000	18,453
Building	30,000	43,243
Equipment	23,000	17,749
Street lights	75,000	69,510
Parking lots	14,000	1,073
Storm sewers	20,000	34,242
Parkways and parks	45,000	27,242
Street signs	20,000	16,056
Other repairs and maintenance	313,000	201,910
Total repairs and maintenance	<u>575,000</u>	<u>429,478</u>
Professional services		
Engineering	25,000	45,524
Total professional services	<u>25,000</u>	<u>45,524</u>
Special services		
Veterinary and animal control	1,200	1,571
Mosquito abatement	65,000	65,452
Snow removal	60,000	35,730
Branch contract	30,000	33,600
Lawn maintenance	38,000	38,250
Tree trimming	59,500	73,270
Tree planting	10,000	12,979
Traffic signals	25,000	13,614
Total special services	<u>288,700</u>	<u>274,466</u>
Insurance		
Liability	30,000	22,732
Workers' compensation	50,000	50,277
Total insurance	<u>80,000</u>	<u>73,009</u>

(Continued)

**Village of Itasca, Illinois**  
**General Fund**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the year ended April 30, 2013**

	Budget	Actual
Public works (Continued)		
Capital expenditures		
Vehicles	\$ -	\$ -
Streets (not MFT)	1,352,500	771,476
Total capital expenditures	1,352,500	771,476
Total public works	3,309,624	2,512,072
Nature center		
Salaries/stipends		
General labor	77,771	76,908
Total salaries/stipends	77,771	76,908
Payroll taxes		
FICA	1,635	1,536
Unemployment tax	219	152
Total payroll taxes	1,854	1,688
Employee benefits		
Group insurance	11,694	12,148
Total employee benefits	11,694	12,148
Operating		
Gas heating	3,300	2,136
Telephone	2,900	3,480
Postage	100	50
Operating supplies - general	4,000	2,552
Office supplies	600	42
Motor fuel and lubrication	250	-
Dues, subscriptions, and meetings	2,050	1,606
Rentals	250	226
Program supplies	1,000	261
Total operating	14,450	10,353

(Continued)

**Village of Itasca, Illinois**  
**General Fund**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
For the year ended April 30, 2013

	Budget	Actual
Nature center (Continued)		
Repair and maintenance		
Structures	\$ 10,500	\$ 6,531
Total repairs and maintenance	10,500	6,531
Professional services		
Janitorial	8,200	7,058
Other services	20,700	-
Total professional services	28,900	7,058
Insurance		
Liability	7,800	4,887
Workers' compensation	600	621
Total insurance	8,400	5,508
Total nature center	153,569	120,194
Community development		
Salaries/stipends		
Building commissioner	112,860	94,272
Building inspector	110,534	101,835
Clerical	48,048	51,996
Total salaries/stipends	271,442	248,103
Payroll taxes		
FICA	25,000	22,968
Unemployment tax	1,000	900
IMRF	31,000	36,453
Total payroll taxes	57,000	60,321

(Continued)

**Village of Itasca, Illinois**  
**General Fund**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**For the year ended April 30, 2013**

	Budget	Actual
Community development (Continued)		
Employee benefits		
Group insurance	\$ 50,000	\$ 56,992
Uniforms	750	628
Total employee benefits	50,750	57,620
Operating		
Telephone	17,000	14,465
Postage	1,100	1,177
Publication legal notices	1,100	387
Operating supplies - general	4,000	4,948
Motor fuel and lubrication	2,000	1,914
Conference	3,500	-
Office supplies	5,000	5,241
Training	1,500	299
Dues, subscriptions, and meetings	2,800	451
Operating software	2,000	2,104
Other	300	457
Total operating	40,300	31,443
Repairs and maintenance		
Vehicles	1,500	697
Buildings	2,500	5,196
Equipment	300	298
Total repairs and maintenance	4,300	6,191
Professional services		
Engineering	50,000	31,701
Inspections	40,000	46,394
Plan review	6,000	7,848
GIS mapping	3,000	4,400
Consulting	4,000	9,120
Other professional services	56,481	61,478
Planning	38,000	43,386
Total professional services	197,481	204,327

(Continued)

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
 For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
Community development (Continued)		
Insurance		
Liability	\$ 5,000	\$ 3,780
Workers' compensation	<u>7,000</u>	<u>7,467</u>
Total insurance	<u>12,000</u>	<u>11,247</u>
Total community development	<u>633,273</u>	<u>619,252</u>
Police department		
Salaries/stipends		
Police chief	108,928	108,343
Police officers	2,104,394	2,126,831
Clerk/dispatchers	486,989	447,365
Clerk/dispatchers overtime	7,100	15,043
Police overtime	127,632	71,389
Police court time	<u>55,000</u>	<u>55,792</u>
Total salaries/stipends	<u>2,890,043</u>	<u>2,824,763</u>
Payroll taxes		
FICA	221,088	206,976
Unemployment tax	11,015	5,444
IMRF	<u>54,543</u>	<u>46,523</u>
Total payroll taxes	<u>286,646</u>	<u>258,943</u>
Employee benefits		
Group insurance	575,809	569,201
Uniforms	21,285	25,790
Pension contribution	<u>537,639</u>	<u>531,576</u>
Total employee benefits	<u>1,134,733</u>	<u>1,126,567</u>
Operating		
Telephone	23,000	21,031
Postage	2,800	2,425
Operating supplies - general	1,500	1,474
Motor fuel and lubrication	52,000	50,563
Office supplies	12,000	11,650
Court, meetings, local, and miscellaneous	8,500	3,598
Dues, subscriptions, and meetings	8,000	6,769
Training	13,200	12,745
Shooting expenditure	15,030	13,350
Evidence	2,250	1,291
D.A.R.E.	18,110	17,319

(Continued)

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
 For the year ended April 30, 2013

	Budget	Actual
Police department (Continued)		
Operating (Continued)		
Crime prevention	\$ 4,150	\$ 5,352
DUI technology	9,800	5,243
Volunteer	9,815	7,777
Other operating expenditures	1,300	1,183
Total operating	181,455	161,770
Repairs and maintenance		
Vehicles	60,000	34,295
Hand-held equipment	4,000	3,435
Equipment	41,200	25,522
Building maintenance	44,688	38,845
Total repairs and maintenance	149,888	102,097
Professional services		
Prosecution cost	84,000	74,664
Police social services	29,910	34,855
Software	2,500	1,637
Hardware	1,500	266
Total professional services	117,910	111,422
Insurance		
Liability	60,000	62,190
Workers' compensation	69,213	52,740
Total insurance	129,213	114,930
Capital expenditures		
Vehicles	55,500	27,535
Equipment	65,583	57,781
Total capital expenditures	121,083	85,316
Total police department	5,010,971	4,785,808
Debt Service		
Principal	460,000	460,000
Interest and fiscal agents	234,428	234,428
Total Debt Service	694,428	694,428
Total expenditures	\$ 11,960,785	\$ 10,537,697

See independent auditor's report.

(Concluded)

**Village of Itasca, Illinois**  
 General Obligation 2008 Fund  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
<b>Revenues</b>		
Property taxes	\$ 764,200	\$ 763,493
Investment income	<u>550</u>	<u>248</u>
 Total revenues	 <u>764,750</u>	 <u>763,741</u>
 <b>Expenditures</b>		
Debt service		
Principal	595,000	595,000
Interest	169,200	169,200
Bond agent fees	<u>375</u>	<u>375</u>
 Total expenditures	 <u>764,575</u>	 <u>764,575</u>
 Net change in fund balance	 \$ <u>175</u>	 (834)
 Fund balance (deficit) at beginning of year		 <u>(45,037)</u>
 Fund balance (deficit) at end of year		 \$ <u><u>(45,871)</u></u>

See independent auditor's report.

**Village of Itasca, Illinois**  
 Nonmajor Governmental Funds  
 COMBINING BALANCE SHEET  
April 30, 2013

	Special Revenue		Debt Service
	Motor Fuel Tax	Hotel Tax	Spring Lake Special Service Area
<u>ASSETS</u>			
Cash and investments	\$ 194,722	\$ 1,723,801	\$ 2,829
Receivables			
Property taxes	-	-	84,873
Other	14,874	116,334	-
Due from other funds	-	-	-
Total assets	\$ 209,596	\$ 1,840,135	\$ 87,702
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	1,153	-
Due to other funds	-	-	19,672
Total liabilities	-	1,153	19,672
Deferred inflows of resources			
Unavailable property tax revenue	-	-	84,873
Total liabilities and deferred inflows of resources	-	1,153	104,545
<u>FUND BALANCE</u>			
Restricted			
Debt Service	-	-	-
Highway and streets	209,596	-	-
Tourism	-	1,838,982	-
Special service areas	-	-	-
Unrestricted			
Unassigned	-	-	(16,843)
Total fund balance (deficit)	209,596	1,838,982	(16,843)
Total liabilities and fund balance	\$ 209,596	\$ 1,840,135	\$ 87,702

Debt Service		Capital Projects			Total Nonmajor Governmental Funds
CMD Special Service Area	Old Thorndale Special Service Area	Spring Lake Special Service Area	CMD Special Service Area	Old Thorndale Special Service Area	
\$ 45,722	\$ 99,253	\$ 328,257	\$ 666,277	\$ 463,100	\$ 3,523,961
-	-	-	-	-	84,873
-	-	794	1,442	680	134,124
-	-	19,672	-	-	19,672
<u>\$ 45,722</u>	<u>\$ 99,253</u>	<u>\$ 348,723</u>	<u>\$ 667,719</u>	<u>\$ 463,780</u>	<u>\$ 3,762,630</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,153
-	-	-	-	-	19,672
-	-	-	-	-	20,825
-	-	-	-	-	84,873
-	-	-	-	-	105,698
45,722	99,253	-	-	-	144,975
-	-	-	-	-	209,596
-	-	-	-	-	1,838,982
-	-	348,723	667,719	463,780	1,480,222
-	-	-	-	-	(16,843)
<u>45,722</u>	<u>99,253</u>	<u>348,723</u>	<u>667,719</u>	<u>463,780</u>	<u>3,656,932</u>
<u>\$ 45,722</u>	<u>\$ 99,253</u>	<u>\$ 348,723</u>	<u>\$ 667,719</u>	<u>\$ 463,780</u>	<u>\$ 3,762,630</u>

See independent auditor's report.

**Village of Itasca, Illinois**  
 Nonmajor Governmental Funds  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES**  
For the year ended April 30, 2013

	Special Revenue		Debt Service
	Motor Fuel Tax	Hotel Tax	Spring Lake Special Service Area
Revenues			
Property taxes	\$ -	\$ -	\$ 88,265
Hotel tax	-	1,229,225	-
Operating grants	205,955	-	-
High growth cities program	40,314	-	-
Investment income	193	5,993	31
<b>Total revenues</b>	<b>246,462</b>	<b>1,235,218</b>	<b>88,296</b>
Expenditures			
General government	-	565,908	-
Debt service			
Principal	-	-	55,000
Interest	-	-	32,375
Capital outlay			
Streets and highways	234,203	-	-
<b>Total expenditures</b>	<b>234,203</b>	<b>565,908</b>	<b>87,375</b>
Excess (deficiency) of revenues over expenditures	12,259	669,310	921
Other financing sources (uses)			
Transfers (out)	-	(119,530)	-
Net change in fund balances	12,259	549,780	921
Fund balance (deficit) at beginning of year	197,337	1,289,202	(17,764)
Fund balance (deficit) at end of year	\$ 209,596	\$ 1,838,982	\$ (16,843)

Debt Service		Capital Projects			Total Nonmajor Governmental Funds
CMD Special Service Area	Old Thorndale Special Service Area	Spring Lake Special Service Area	CMD Special Service Area	Old Thorndale Special Service Area	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,265
-	-	-	-	-	1,229,225
-	-	-	-	-	205,955
-	-	-	-	-	40,314
-	-	950	2,406	1,479	11,052
-	-	950	2,406	1,479	1,574,811
-	-	-	-	-	565,908
-	-	-	-	-	55,000
-	-	-	-	-	32,375
-	-	-	-	-	234,203
-	-	-	-	-	887,486
-	-	950	2,406	1,479	687,325
-	-	-	-	-	(119,530)
-	-	950	2,406	1,479	567,795
45,722	99,253	347,773	665,313	462,301	3,089,137
\$ 45,722	\$ 99,253	\$ 348,723	\$ 667,719	\$ 463,780	\$ 3,656,932

See independent auditor's report.

**Village of Itasca, Illinois**  
 Motor Fuel Tax Fund  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the year ended April 30, 2013

	Budget	Actual
<b>Revenues</b>		
Intergovernmental allotments - operating grants	\$ 230,000	\$ 205,955
High growth cities program	4,000	40,314
Investment income	300	193
Total revenues	234,300	246,462
<b>Expenditures</b>		
Streets and highways	230,000	234,203
Net change in fund balance	\$ 4,300	12,259
Fund balance at beginning of year		197,337
Fund balance at end of year		\$ 209,596

See independent auditor's report.

**Village of Itasca, Illinois**  
Hotel Tax Fund  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
Revenues		
Hotel tax	\$ 1,100,000	\$ 1,229,225
Investment income	<u>5,200</u>	<u>5,993</u>
Total revenues	<u>1,105,200</u>	<u>1,235,218</u>
Expenditures		
General government		
Police overtime	5,621	5,948
Operation staff	20,000	20,000
Public relations	449,121	396,415
Marketing	<u>168,000</u>	<u>143,545</u>
Total expenditures	<u>642,742</u>	<u>565,908</u>
Excess (deficiency) of revenues over expenditures	462,458	669,310
Other financing sources (uses)		
Transfers (out)	<u>(153,569)</u>	<u>(119,530)</u>
Net change in fund balance	<u>\$ 308,889</u>	549,780
Fund balance at beginning of year		<u>1,289,202</u>
Fund balance at end of year		<u>\$ 1,838,982</u>

See independent auditor's report.

**Village of Itasca, Illinois**  
Spring Lake Special Service Area  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the year ended April 30, 2013

	Budget	Actual
Revenues		
Property taxes	\$ 87,375	\$ 88,265
Investment income	50	31
Total revenues	87,425	88,296
Expenditures		
Debt service		
Principal	55,000	55,000
Interest	32,376	32,375
Total expenditures	87,376	87,375
Net change in fund balance	\$ 49	921
Fund balance (deficit) at beginning of year		(17,764)
Fund balance (deficit) at end of year		\$ (16,843)

See independent auditor's report.

**Village of Itasca, Illinois**  
Water and Sewer Fund  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL  
For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
Operating revenues		
Charges for services		
Water fees	\$ 2,700,500	\$ 2,762,802
Sewer fees	3,007,382	2,999,877
Other revenues	<u>135,000</u>	<u>143,008</u>
Total operating revenues	<u>5,842,882</u>	<u>5,905,687</u>
Operating expenses excluding depreciation		
Salaries/stipends	1,171,198	1,230,548
Payroll taxes	236,346	209,782
Employee benefits	226,000	223,602
General operating	1,994,468	1,972,448
Repairs and maintenance	477,500	173,874
Professional services	198,400	166,813
Special services	120,000	161,233
Insurance	70,000	51,108
Capital	<u>2,224,650</u>	<u>108,366</u>
Total operating expenses excluding depreciation	<u>6,718,562</u>	<u>4,297,774</u>
Operating income (loss) before depreciation and amortization	(875,680)	1,607,913
Depreciation and amortization	<u>-</u>	<u>1,894,186</u>
Operating income (loss)	<u>(875,680)</u>	<u>(286,273)</u>
Nonoperating revenue and expense		
Investment income	20,000	6,797
Bond stimulus payment	490,778	490,777
Interest expense	<u>(1,402,220)</u>	<u>(1,402,734)</u>
Total nonoperating revenue and expense	<u>(891,442)</u>	<u>(905,160)</u>
Change in net position	<u>\$ (1,767,122)</u>	<u>(1,191,433)</u>
Net position - at beginning of year		14,592,462
Prior period adjustment		<u>(320,752)</u>
Net position - at beginning of year, restated		<u>14,271,710</u>
Net position - at end of year		<u>\$ 13,080,277</u>
See independent auditor's report		

**Village of Itasca, Illinois**  
Water and Sewer Fund  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
Operating expenses		
Salaries and stipends		
President	\$ 13,600	\$ 11,385
Trustees	15,300	14,575
Treasurer	560	-
Clerical	130,000	124,359
Directors/superintendents	243,316	232,442
Operations staff	622,914	719,148
Overtime	94,788	67,522
Administrator	50,720	61,117
	<u>1,171,198</u>	<u>1,230,548</u>
Total salaries and stipends		
Payroll taxes		
FICA	87,488	88,691
Unemployment taxes	5,270	2,613
IMRF	143,588	118,478
	<u>236,346</u>	<u>209,782</u>
Total payroll taxes		
Employee benefits		
Group insurance	220,000	218,549
Uniforms	6,000	5,053
	<u>226,000</u>	<u>223,602</u>
Total employee benefits		
General operating		
Gas heat	8,000	241
Electricity	308,500	267,526
Telephone	12,626	19,039
Postage	14,400	14,350
Publication legal notices	2,000	-
Supplies - general	8,000	7,138
Supplies - office	5,000	2,779
Supplies - sewer treatment	100,000	160,513
Supplies - water treatment	3,000	4,690
Motor fuel and lubrication	33,500	30,111
Conferences	5,000	1,133
Dues, subscriptions, and meetings	5,800	4,627
Training	5,000	1,247
Rentals	2,400	-

(Continued)

# Village of Itasca, Illinois

## Water and Sewer Fund

### SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)

For the year ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>
Operating expenses (Continued)		
General operating (Continued)		
Employee physicals	\$ 1,400	\$ 880
Rubbish removal	37,000	3,471
Water meters	9,000	3,397
Safety program	6,000	-
Lab tests pretreatment	6,000	4,350
Operating software	8,500	3,507
Hardware	4,500	-
Other operating expenses	1,000	459
DuPage Water Commission	1,407,842	1,442,990
	<u>1,994,468</u>	<u>1,972,448</u>
Total general operating		
Repairs and maintenance		
Vehicles	13,000	7,825
Equipment	14,500	23,523
Bulk material	15,000	1,404
Structures	16,000	7,621
Wells	7,000	10,362
Treatment plant	55,000	7,962
Lift stations	20,000	23,946
Sanitary sewers	250,000	5,473
Water systems	75,000	82,655
Meter repair	12,000	3,103
	<u>477,500</u>	<u>173,874</u>
Total repairs and maintenance		
Professional services		
Legal	40,000	55,764
Engineering	78,000	35,448
Accounting	30,000	33,565
Payroll	2,400	2,787
Audit	25,000	24,015
Janitorial	17,000	15,234
Other services	6,000	-
	<u>198,400</u>	<u>166,813</u>
Total professional services		

(Continued)

# Village of Itasca, Illinois

## Water and Sewer Fund

### SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)

For the year ended April 30, 2013

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	<u>Budget</u>	<u>Actual</u>
Operating expenses (Continued)		
Special services		
Sludge removal	\$ 40,000	\$ 27,267
Industrial pre-treatment	80,000	133,966
Total special services	<u>120,000</u>	<u>161,233</u>
Insurance		
Liability	40,000	19,733
Workers' compensation	30,000	31,375
Total insurance	<u>70,000</u>	<u>51,108</u>
Capital expenses - equipment	2,224,650	108,366
Less expenses capitalized	<u>-</u>	<u>-</u>
Net capital expenses	<u>2,224,650</u>	<u>108,366</u>
Total operating expenses	<u>\$ 6,718,562</u>	<u>\$ 4,297,774</u>

See independent auditor's report.

(Concluded)

**SUPPLEMENTAL DATA**  
**(Unaudited)**

**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION BONDS, SERIES 2008B - VILLAGE PORTION**  
April 30, 2013

Date of Issue	November 5, 2008
Date of Maturity	December 15, 2018
Authorized Issue	\$ 6,905,000
Denomination of Bonds	\$ 5,000
Interest Rates	3.00% - 4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Chase Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending	Requirements			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2014	\$ 610,000	\$ 149,863	\$ 759,863	2013	\$ 74,931	2013	\$ 74,932
2015	630,000	130,037	760,037	2014	65,019	2014	65,018
2016	645,000	107,988	752,988	2015	53,994	2015	53,994
2017	675,000	83,800	758,800	2016	41,900	2016	41,900
2018	700,000	56,800	756,800	2017	28,400	2017	28,400
2019	720,000	28,800	748,800	2018	14,400	2018	14,400
	<u>\$ 3,980,000</u>	<u>\$ 557,288</u>	<u>\$ 4,537,288</u>		<u>\$ 278,644</u>		<u>\$ 278,644</u>

See independent auditor's report.

**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010**  
April 30, 2013

Date of Issue	May 11, 2010
Date of Maturity	December 1, 2022
Authorized Issue	\$ 6,955,000
Denomination of Bonds	\$ 5,000
Interest Rates	2.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Bank of New York Mellon Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2014	\$ 470,000	\$ 224,800	\$ 694,800	2013	\$ 112,400	2013	\$ 112,400
2015	485,000	206,000	691,000	2014	103,000	2014	103,000
2016	505,000	186,600	691,600	2015	93,300	2015	93,300
2017	525,000	166,400	691,400	2016	83,200	2016	83,200
2018	550,000	145,400	695,400	2017	72,700	2017	72,700
2019	570,000	123,400	693,400	2018	61,700	2018	61,700
2020	595,000	100,600	695,600	2019	50,300	2019	50,300
2021	615,000	76,800	691,800	2020	38,400	2020	38,400
2022	640,000	52,200	692,200	2021	26,100	2021	26,100
2023	665,000	26,600	691,600	2022	13,300	2022	13,300
	<u>\$ 5,620,000</u>	<u>\$ 1,308,800</u>	<u>\$ 6,928,800</u>		<u>\$ 654,400</u>		<u>\$ 654,400</u>

See independent auditor's report.

**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**SPECIAL SERVICE AREA BONDS, SERIES 2006**  
April 30, 2013

Date of Issue	August 15, 2006
Date of Maturity	December 15, 2021
Authorized Issue	\$ 900,000
Denomination of Bonds	\$ 5,000
Interest Rates	4.30% - 5.10%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Chase Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending	Requirements			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2014	\$ 55,000	\$ 29,872	\$ 84,872	2013	\$ 14,936	2013	\$ 14,936
2015	60,000	27,342	87,342	2014	13,671	2014	13,671
2016	60,000	24,552	84,552	2015	12,276	2015	12,276
2017	65,000	21,672	86,672	2016	10,836	2016	10,836
2018	65,000	18,520	83,520	2017	9,260	2017	9,260
2019	70,000	15,336	85,336	2018	7,668	2018	7,668
2020	75,000	11,870	86,870	2019	5,935	2019	5,935
2021	80,000	8,120	88,120	2020	4,060	2020	4,060
2022	80,000	4,080	84,080	2021	2,040	2021	2,040
	<u>\$ 610,000</u>	<u>\$ 161,364</u>	<u>\$ 771,364</u>		<u>\$ 80,682</u>		<u>\$ 80,682</u>

See independent auditor's report.

**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION CERTIFICATES, SERIES 2009A**  
April 30, 2013

Date of Issue December 3, 2009  
Date of Maturity February 1, 2039  
Authorized Issue \$ 24,000,000  
Denomination of Bonds \$ 5,000  
Interest Rates 3.30% - 6.20%  
Interest Dates February 1 and August 1  
Principal Maturity Date February 1  
Payable at Bank of New York  
Chicago, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending	Requirements			Interest Due on			
	Principal	Interest	Totals	February 1	Amount	August 1	Amount
2014	\$ 330,000	\$ 1,402,220	\$ 1,732,220	2014	\$ 701,110	2013	\$ 701,110
2015	340,000	1,391,330	1,731,330	2015	695,665	2014	695,665
2016	350,000	1,379,090	1,729,090	2016	689,545	2015	689,545
2017	370,000	1,364,740	1,734,740	2017	682,370	2016	682,370
2018	380,000	1,348,830	1,728,830	2018	674,415	2017	674,415
2019	400,000	1,331,350	1,731,350	2019	665,675	2018	665,675
2020	420,000	1,312,350	1,732,350	2020	656,175	2019	656,175
2021	440,000	1,291,350	1,731,350	2021	645,675	2020	645,675
2022	470,000	1,268,910	1,738,910	2022	634,455	2021	634,455
2023	490,000	1,243,766	1,733,766	2023	621,883	2022	621,883
2024	520,000	1,217,060	1,737,060	2024	608,530	2023	608,530
2025	550,000	1,188,460	1,738,460	2025	594,230	2024	594,230
2026	580,000	1,158,210	1,738,210	2026	579,105	2025	579,105
2027	610,000	1,124,570	1,734,570	2027	562,285	2026	562,285
2028	640,000	1,089,190	1,729,190	2028	544,595	2027	544,595
2029	680,000	1,052,070	1,732,070	2029	526,035	2028	526,035
2030	720,000	1,012,630	1,732,630	2030	506,315	2029	506,315
2031	760,000	968,710	1,728,710	2031	484,355	2030	484,355
2032	1,190,000	922,350	2,112,350	2032	461,175	2031	461,175
2033	1,630,000	849,760	2,479,760	2033	424,880	2032	424,880
2034	1,730,000	750,330	2,480,330	2034	375,165	2033	375,165
2035	1,840,000	644,800	2,484,800	2035	322,400	2034	322,400
2036	1,950,000	530,720	2,480,720	2036	265,360	2035	265,360
2037	2,070,000	409,820	2,479,820	2037	204,910	2036	204,910
2038	2,200,000	281,480	2,481,480	2038	140,740	2037	140,740
2039	2,340,000	145,080	2,485,080	2039	72,540	2038	72,540
	<u>\$ 24,000,000</u>	<u>\$ 26,679,176</u>	<u>\$ 50,679,176</u>		<u>\$ 13,339,588</u>		<u>\$ 13,339,588</u>

**Village of Itasca, Illinois**  
**SCHEDULE OF INSURANCE IN FORCE**  
April 30, 2013

Type of Coverage	Amount of Coverage	Expiration Date	Insurance Company
Commercial Property		5/1/2013	Federal Insurance Company
Building and Contents	\$29,101,149		
Business Income Including Extra Expense	562,380		
Monies and Securities	50,000		
General Liability		5/1/2013	American Automobile
General Aggregate	3,000,000		
Products and Completed Ops Aggregate	3,000,000		
Personal and Advertising Injury	1,000,000		
Each Occurrence	1,000,000		
Fire Damage (Any One Fire)	1,000,000		
Medical Expense (Any One Person)	5,000		
Commercial Automobile		5/1/2013	American Automobile
Liability	1,000,000		
Personal Injury Protection	N/A		
Uninsured Motorist	1,000,000		
Underinsured Motorist	1,000,000		
Umbrella		5/1/2013	American Alternative Ins. Co.
Liability	9,000,000		
Annual Aggregate	9,000,000		
Retained Limit	10,000		
Workers' Compensation		12/15/2013	Illinois Public Risk Fund
Each Accident	2,500,000		
Disease - Policy Limit	2,500,000		
Disease - Each Employee	2,500,000		
Law Enforcement Liability		5/1/2013	Clarendon Insurance Co.
Annual Aggregate	3,000,000		
Each Person/Each Wrongful Act	1,000,000		
Public Officials' and Employment Liability		5/1/2013	Clarendon Insurance Co.
Annual Aggregate	3,000,000		
Each Wrongful Act	1,000,000		

See independent auditor's report.

**Village of Itasca, Illinois**  
**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, AND TAX EXTENSIONS**  
April 30, 2013

	2012	2011
Residential	\$ 242,912,083	\$ 273,668,733
Farms	10,890	9,896
Commercial	150,714,120	156,950,010
Industrial	171,702,060	186,755,430
	\$ 565,339,153	\$ 617,384,069

Levy	2012		2011	
	Rate Extended	Taxes Extended	Rate Extended	Taxes Extended
Corporate	0.2378	\$ 1,344,377	0.2112	\$ 1,303,915
Bond and interest	0.1358	767,731	0.1251	772,347
Police pension	0.1011	571,558	0.0871	537,742
Public benefit	0.0064	36,182	0.0056	34,574
Total	0.4811	\$ 2,719,848	0.4290	\$ 2,648,578

The Village also collects taxes from Special Service Areas within the Village for the payment of principal and interest on bonds. The taxes extended for the Special Service Areas for 2011 and 2012 were \$87,375 and \$84,873, respectively.

# Village of Itasca, Illinois

## LEGAL DEBT MARGIN

April 30, 2013

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Assessed Valuation - 2012	\$ <u>565,339,193</u>
Legal Debt Limit - 8.625% of Assessed Valuation	\$ 48,760,505
Amount of Debt Applicable to Debt Limit	
Village's general obligation debt	<u>9,600,000</u>
Legal Debt Margin	\$ <u>39,160,505</u>

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