

**Village of Itasca, Illinois**

**Annual Financial Report**

**For the fiscal year ended April 30, 2012**

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## INTRODUCTORY SECTION

**Village of Itasca, Illinois**

PRINCIPAL OFFICIALS

April 30, 2012

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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**



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

## 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, the discretely presented component unit, 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, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Itasca, Illinois' management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Itasca, Illinois, as of April 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Village of Itasca, Illinois adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended April 30, 2012. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on the any of the Village of Itasca, Illinois' governmental funds' assets or liabilities, nor was there any effect to the total amount of any of the Village of Itasca, Illinois' governmental fund balances as of and for the year ended April 30, 2012.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Itasca, Illinois' basic financial statements. The introductory section, supplemental information and supplemental data are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 "Sieuch LLP". The signature is written in a cursive, slightly stylized font.

Naperville, Illinois  
November 30, 2012

VILLAGE OF ITASCA  
MANAGEMENT'S  
DISCUSSION AND ANALYSIS

April 30, 2012

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 Assets* that presents information about all of the Village's assets and liabilities, with the difference reported as *net assets*. Over a multi-year period, an increase or decrease in net assets 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 assets 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 basis 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 provides 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 customer's external to the Village organization such as those of the electric, water, and sewer utilities and refuse 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 basis 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 assets decreased \$239,878 as shown on page 12 of the report.

STATEMENT OF NET ASSETS (IN MILLIONS)

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current & Other Assets	\$ 13.0	\$ 10.6	\$ 7.9	\$ 15.5	\$ 20.9	\$ 26.1
Capital Assets	95.9	98.7	48.4	43.7	144.3	142.4
Total Assets	<u>108.9</u>	<u>109.3</u>	<u>56.3</u>	<u>59.2</u>	<u>165.2</u>	<u>168.5</u>
Current Liabilities	4.1	3.8	2.5	4.7	6.6	8.5
Non-Current Liabilities	12.3	13.5	39.2	39.1	51.5	52.6
Total Liabilities	<u>16.4</u>	<u>17.3</u>	<u>41.7</u>	<u>43.8</u>	<u>58.1</u>	<u>61.1</u>
Net Assets						
Investment in Capital Assets net of related debt	84.4	86.1	12.3	18.2	96.7	104.3
Restricted	3.0	1.5	-	-	3.0	1.5
Unrestricted	5.1	4.4	2.3	(2.8)	7.4	1.6
Total Net Assets	<u>92.5</u>	<u>92.0</u>	<u>14.6</u>	<u>15.4</u>	<u>107.1</u>	<u>107.4</u>

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

STATEMENT OF ACTIVITIES (IN MILLIONS)

	Governmental Activities		Business type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenue:						
Program Revenues						
Charges for Services	\$ 1.3	\$ 1.1	\$ 4.9	\$ 4.1	\$ 6.2	\$ 5.2
Grants & Contributions	0.3	0.2	-	-	0.3	0.2
General Revenues						
Hotel Tax	1.0	0.9	-	-	1.0	0.9
Property Taxes	2.9	2.8	-	-	2.9	2.8
Inter-government Taxes	7.9	6.3	0.5	-	8.4	6.3
Investment Income	-	0.1	-	0.2	-	0.3
Others	0.5	0.9	0.2	0.1	0.7	1.0
Total Revenues	<u>13.9</u>	<u>12.3</u>	<u>5.6</u>	<u>4.4</u>	<u>19.5</u>	<u>16.7</u>
Expense:						
General						
Government	2.9	3.0	-	-	2.9	3.0
Public Safety	5.0	5.0	-	-	5.0	5.0
Community						
Development	0.6	0.5	-	-	0.6	0.5
Public Works	4.4	4.6	-	-	4.4	4.6
Interest	0.4	0.5	1.4	1.4	1.8	1.9
Water & Sewer	-	-	5.0	5.0	5.0	5.0
Total Expenses	<u>13.3</u>	<u>13.6</u>	<u>6.4</u>	<u>6.4</u>	<u>19.7</u>	<u>20.0</u>
(Increase) Decrease in net assets	0.6	(1.3)	(0.8)	(2.0)	(0.2)	(3.3)

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 \$9.1 million, up \$2.3 million from the prior year total of \$6.8 million. This increase is the result of a increase in revenue from intergovernmental taxes of \$1.4 million as well as a decrease in expenditures of \$.2 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 \$3.9 million to \$6.0 million. The General Fund cash balance of \$5.2 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, 2011. The Sewer Fund rates were increased as of November 1, 2011 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, 2012 was \$95.9 million. The Village's investment in capital assets, net of accumulated depreciation, for business-type activities as of April 30, 2011 was \$48.4 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 \$51.5 million. Of this amount, \$5.2 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, 2012 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 2010.

### *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 ASSETS**  
April 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Itasca Community Library
<b>ASSETS</b>				
Cash and investments	\$ 8,236,546	\$ 6,734,711	\$ 14,971,257	\$ 1,059,579
Receivables				
Property taxes	2,735,952	-	2,735,952	1,573,712
Accounts	-	905,985	905,985	-
Sales and income taxes	1,319,306	-	1,319,306	-
Other	653,592	965	654,557	8,870
Due from primary government	-	-	-	12,678
Net pension asset	122,712	-	122,712	-
Unamortized bond issuance costs	-	245,992	245,992	30,554
Capital assets				
Capital assets not being depreciated	40,134,622	1,335,645	41,470,267	-
Capital assets net of accumulated depreciation	55,731,324	47,070,532	102,801,856	3,650,330
Total assets	<u>108,934,054</u>	<u>56,293,830</u>	<u>165,227,884</u>	<u>6,335,723</u>
<b>LIABILITIES</b>				
Accounts payable	263,298	2,148,999	2,412,297	26,136
Accrued payroll	152,409	44,780	197,189	31,026
Accrued interest	163,341	350,555	513,896	30,825
Unearned property taxes	2,735,952	-	2,735,952	1,573,712
Escrow deposits	664,526	-	664,526	-
Due to component unit	12,678	-	12,678	-
Due to Fiduciary funds	3,593	-	3,593	-
Due to other governments	33,018	-	33,018	-
Noncurrent liabilities				
Due within one year	1,147,414	750,000	1,897,414	201,702
Due in more than one year	11,201,342	38,407,034	49,608,376	2,073,390
Total liabilities	<u>16,377,571</u>	<u>41,701,368</u>	<u>58,078,939</u>	<u>3,936,791</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	84,355,772	12,273,883	96,629,655	1,394,088
Restricted				
Public safety	28,829	-	28,829	-
Street	197,337	-	197,337	-
Tourism	1,289,202	-	1,289,202	-
Debt service	144,975	-	144,975	14,793
Special service areas	1,475,387	-	1,475,387	-
Specific purpose	-	-	-	428,900
Unrestricted	5,064,981	2,318,579	7,383,560	561,151
Total net assets	<u>\$ 92,556,483</u>	<u>\$ 14,592,462</u>	<u>\$ 107,148,945</u>	<u>\$ 2,398,932</u>

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
**STATEMENT OF ACTIVITIES**  
For the year ended April 30, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants and Contributions
<u>Functions/Programs</u>				
Primary government:				
Governmental activities:				
General government	\$ 2,907,797	\$ -	\$ -	\$ -
Public safety	5,005,282	431,769	-	-
Community development	596,880	707,154	-	57,932
Public works	4,367,247	130,679	248,220	-
Interest expense	455,089	-	-	-
Total governmental activities	13,332,295	1,269,602	248,220	57,932
Business-type activities:				
Water and sewer	5,075,192	4,898,635	-	-
Total primary government	\$ 18,407,487	\$ 6,168,237	\$ 248,220	\$ 57,932
Component unit:				
Itasca Community Library	\$ 1,473,446	\$ 26,471	\$ 8,870	\$ -

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

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Itasca Community Library
\$ (2,907,797)	\$ -	\$ (2,907,797)	\$ -
(4,573,513)	-	(4,573,513)	-
168,206	-	168,206	-
(3,988,348)	-	(3,988,348)	-
<u>(455,089)</u>	<u>1,402,584</u>	<u>947,495</u>	<u>-</u>
<u>(11,756,541)</u>	<u>1,402,584</u>	<u>(10,353,957)</u>	<u>-</u>
<u>-</u>	<u>(176,557)</u>	<u>(176,557)</u>	<u>-</u>
<u>(11,756,541)</u>	<u>(1,579,141)</u>	<u>(10,530,514)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,438,105)</u>
2,891,673	-	2,891,673	1,554,100
1,042,657	-	1,042,657	-
7,892,212	490,777	8,382,989	29,401
503,931	173,003	676,934	24,441
<u>16,596</u>	<u>84,955</u>	<u>101,551</u>	<u>2,570</u>
<u>12,347,069</u>	<u>748,735</u>	<u>13,095,804</u>	<u>1,610,512</u>
590,528	(830,406)	(239,878)	172,407
<u>91,965,955</u>	<u>15,422,868</u>	<u>107,388,823</u>	<u>2,226,525</u>
<u>\$ 92,556,483</u>	<u>\$ 14,592,462</u>	<u>\$ 107,148,945</u>	<u>\$ 2,398,932</u>

The accompanying notes are an integral part of this statement.

# Village of Itasca, Illinois

Governmental Funds

BALANCE SHEET

April 30, 2012

	General	General Obligation 2008
<b>ASSETS</b>		
Cash and investments	\$ 5,269,433	\$ -
Receivables		
Property taxes	1,876,230	772,347
Other	531,568	-
Sales and income taxes	1,319,306	-
Due from other funds	45,037	-
Total assets	\$ 9,041,574	\$ 772,347
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable	\$ 263,298	\$ -
Accrued payroll	152,409	-
Deferred property taxes	1,876,230	772,347
Escrow deposits	664,526	-
Due to component unit	12,678	-
Due to other funds	-	45,037
Due to fiduciary funds	3,593	-
Due to other governments	33,018	-
Compensated absences payable	24,092	-
Total liabilities	3,029,844	817,384
<b>Fund balances</b>		
<b>Restricted</b>		
Public Safety	28,829	-
Debt Service	-	-
Highway and streets	-	-
Tourism	-	-
Special service areas	-	-
<b>Unrestricted</b>		
Unassigned (deficit)	5,982,901	(45,037)
Total fund balances (deficit)	6,011,730	(45,037)
<b>Total liabilities and fund balances</b>	\$ 9,041,574	\$ 772,347

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

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

Some of the Village's expenses are paid before the services have occurred; therefore, these expenses are reported as net pension assets.

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.

Net assets of governmental activities

Non-Major Funds	Total Governmental Funds
\$ 2,967,113	\$ 8,236,546
87,375	2,735,952
122,024	653,592
-	1,319,306
<u>19,670</u>	<u>64,707</u>
<u>\$ 3,196,182</u>	<u>\$ 13,010,103</u>
\$ -	\$ 263,298
-	152,409
87,375	2,735,952
-	664,526
-	12,678
19,670	64,707
-	3,593
-	33,018
<u>-</u>	<u>24,092</u>
<u>107,045</u>	<u>3,954,273</u>
-	28,829
144,975	144,975
197,337	197,337
1,289,202	1,289,202
1,475,387	1,475,387
<u>(17,764)</u>	<u>5,920,100</u>
<u>3,089,137</u>	<u>9,055,830</u>
<u>\$ 3,196,182</u>	
	95,865,946
	122,712
	<u>(12,488,005)</u>
	<u>\$ 92,556,483</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, 2012

	General	General Obligation 2008	Non- Major Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 2,040,362	\$ 766,874	\$ 84,437	\$ 2,891,673
Hotel taxes	-	-	1,042,657	1,042,657
Licenses and permits	707,154	-	-	707,154
Intergovernmental	7,751,241	-	-	7,751,241
Food & Beverage Tax	140,971	-	-	140,971
Grants	57,932	-	248,220	306,152
Charges for services	130,679	-	-	130,679
Fines	431,769	-	-	431,769
Investment income	7,525	567	8,504	16,596
Miscellaneous	499,669	-	4,262	503,931
Total revenues	11,767,302	767,441	1,388,080	13,922,823
Expenditures				
Current				
General government	2,057,489	-	478,019	2,535,508
Public safety	4,826,298	-	-	4,826,298
Community development	589,131	-	-	589,131
Public works	1,784,094	-	-	1,784,094
Debt service				
Principal	450,000	575,000	50,000	1,075,000
Interest and fiscal agent fees	243,428	188,262	34,624	466,314
Issuance costs	-	-	-	-
Capital outlay	-	-	371,040	371,040
Total expenditures	9,950,440	763,262	933,683	11,647,385

Excess (deficiency) of revenues over expenditures	\$ 1,816,862	\$ 4,179	\$ 454,397	\$ 2,275,438
Other financing sources (uses)				
Transfers in	280,975	-	-	280,975
Transfer (out)	-	-	(280,975)	(280,975)
Total other financing sources (uses)	280,975	-	(280,975)	-
Net change in fund balances	2,097,837	4,179	173,422	2,275,438
Fund balances (deficit) - beginning of year	3,913,893	(49,216)	2,915,715	6,780,392
Fund balances (deficit) - end of year	\$ 6,011,730	\$ (45,037)	\$ 3,089,137	\$ 9,055,830

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, 2012

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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	\$ 2,275,438
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.	(2,819,186)
The change in the net pension asset is reported as an expense on the statement of activities.	(20,114)
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>1,154,390</u>
Change in net assets of governmental activities.	\$ <u><u>590,528</u></u>

The accompanying notes are an integral part of this statement.

**Village of Itasca, Illinois**  
Proprietary Fund - Water and Sewer  
STATEMENT OF NET ASSETS  
April 30, 2012

ASSETS

Current assets

Cash and investments	\$ 6,734,711
Accounts receivable - Trade	905,985
Interest receivable	<u>965</u>

Total current assets 7,641,661

Capital assets

Cost	66,593,498
Less: accumulated depreciation	<u>18,187,321</u>

Net capital assets 48,406,177

Other asset

Unamortized bond issuance costs- net	<u>245,992</u>
Total assets	<u>56,293,830</u>

LIABILITIES

Current liabilities

Accounts payable	2,148,999
Accrued payroll	44,780
Accrued interest	<u>350,555</u>

Total current liabilities 2,544,334

Noncurrent liabilities

Bonds payable	24,000,000
IEPA loan payable	15,000,000
Compensated absences payable	<u>157,034</u>
Total noncurrent liabilities	<u>39,157,034</u>

Total liabilities 41,701,368

NET ASSETS

Invested in capital assets, net of related debt	12,273,883
Unrestricted	<u>2,318,579</u>

\$ 14,592,462

Total net assets

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 ASSETS  
For the year ended April 30, 2012

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Operating revenues	
Charges for services	
Water fees	\$ 2,388,132
Sewer fees	2,510,503
Miscellaneous	<u>173,003</u>
Total operating revenues	<u>5,071,638</u>
Operating expenses excluding depreciation	
Salaries/stipends	1,101,896
Payroll taxes	213,764
Employee benefits	208,596
General operating	1,637,940
Repairs and maintenance	187,365
Professional services	213,165
Special services	99,512
Insurance	56,639
Capital	<u>51,660</u>
Total operating expenses excluding depreciation	<u>3,770,537</u>
Operating income before depreciation	1,301,101
Depreciation & amortization	<u>1,304,655</u>
Operating income	<u>(3,554)</u>
Nonoperating revenue & expense	
Interest expense	(1,402,584)
Bond stimulus payment	490,777
Investment income	84,955
Total nonoperating revenue & expense	<u>(826,852)</u>
Change in net assets	(830,406)
Net assets - beginning of year	<u>15,422,868</u>
Net assets - end of year	<u>\$ 14,592,462</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, 2012

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Cash flows from operating activities	
Receipts from customers and users	\$ 5,059,643
Payments to suppliers	(4,779,466)
Payments to employees	(1,078,942)
	<hr/>
Net cash from operating activities	(798,765)
	<hr/>
Cash flows from noncapital financing activities	
None	-
	<hr/>
Net cash from noncapital financing activities	-
	<hr/>
Cash flows from capital and related financing activities	
Capital assets purchased	(5,937,348)
Bond stimulus payment	490,777
Interest paid on bonds payable	(1,402,584)
	<hr/>
Net cash from capital and related financing activities	(6,849,155)
	<hr/>
Cash flows from investing activities	
Sale of investments	11,244,526
Investment income	83,990
	<hr/>
Net cash from investing activities	11,328,516
	<hr/>
Net increase in cash and equivalents	3,680,596
	<hr/>
Cash and equivalents	
Beginning of year	427,321
	<hr/>
End of year	\$ 4,107,917
	<hr/>
Reconciliation to statement of net assets	
Cash and equivalents	\$ 4,107,917
Investments	2,626,794
	<hr/>
Cash and investments	\$ 6,734,711
	<hr/>

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, 2012

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Cash flows from operating activities	
Operating income (loss)	\$ (3,554)
Adjustments to reconcile operating income (loss) to net cash used in operating activities	
Depreciation and amortization	1,304,655
Changes in assets and liabilities	
Accounts receivable	(11,995)
Accounts payable	(2,110,825)
Accrued payroll	8,773
Compensated absences	<u>14,181</u>
Net cash from operating activities	<u>\$ (798,765)</u>

The accompanying notes are an integral part of this statement.

(Concluded)

**Village of Itasca, Illinois**  
Fiduciary Fund - Police Pension  
STATEMENT OF PLAN NET ASSETS  
April 30, 2012

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ASSETS	
Cash and short-term investments	\$ 1,602,407
Investments, at fair value	
Corporate bonds	105,453
Mutual funds	2,560,058
U.S. Treasury securities	2,213,183
U.S. Agency securities	3,053,245
Corporate equity securities	3,358,039
Receivable (net, where applicable, of allowances for uncollectibles)	
Accrued interest	26,094
Due from general fund	<u>3,593</u>
 Total assets	 \$ <u><u>12,922,072</u></u>
 Plan net assets	
Held in trust for employee pension benefits	\$ <u><u>12,922,072</u></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 ASSETS  
For the year ended April 30, 2012

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Additions	
Employer contributions	\$ 596,937
Employee contributions	<u>194,475</u>
Total contributions	<u>791,412</u>
Investment income	
Interest and dividend income	341,220
Net appreciation (depreciation) in fair value of investments	<u>(270,694)</u>
Total investment income	70,526
Less investment expense	<u>(94,808)</u>
Net investment income	<u>(24,282)</u>
Total additions	<u>767,130</u>
Deductions	
Benefit payments	781,737
Administrative expenses	<u>26,287</u>
Total deductions	<u>808,024</u>
Net increase in plan net assets	(40,894)
Plan net assets at beginning of year	<u>12,962,966</u>
Plan net assets at end of year	<u>\$ 12,922,072</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, 2012

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**Village of Itasca, Illinois**  
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April 30, 2012

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**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

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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. Therefore, data from these units are combined with data of the primary government. On the other hand, “discretely presented” component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Village.

*Discretely Presented Component Unit*

The Itasca Community Library (the Library) is governed by an elected Library Board of Trustees and provides services to residents, generally within the geographic boundaries of the Village. The Library Board selects management staff, establishes budgets, and otherwise directs the affairs of the Library. The Library Board cannot issue general obligation bonds on its own behalf. The Library is primarily funded by property taxes levied by the Village on behalf of the Library. The Library has an April 30 year-end.

The Village’s government-wide financial statements include the financial statements of the Library. The Library is reported in a separate column to emphasize that it is legally separate from the Village. Complete financial statements for the Library can be obtained directly from its administrative offices: Itasca Community Library, 500 W. Irving Park Road, Itasca, Illinois 60143.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

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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 assets 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, 2012

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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, 2012

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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 required to be 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.

The Village's enterprise fund applies all applicable GASB pronouncements as well as relevant Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

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, 2012

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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 on its financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the 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, 2012

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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, 2012

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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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, government funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as 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, 2012

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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 Villages 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 assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt, 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 assets 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 Assets

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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, 2012

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 Assets (Continued)

General obligation bonds, net of deferred items	\$ 4,498,636
General obligation certificates	6,346,538
Special service area bonds	665,000
Accrued interest payable	163,341
Compensated absences	800,653
Net other postemployment benefit obligation	<u>13,837</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets of governmental activities	<u>\$ 12,488,005</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 assets 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	\$ 307,019
Depreciation expense	(3,108,336)
Loss on disposal of capital assets	<u>(17,869)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (2,819,186)</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, 2012

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	\$	575,000
General obligation certificates		450,000
Special service area bonds		50,000
Bond issuance costs less amortization		(10,909)
Bond premium		24,231
Compensated absences		58,268
Increase in net other postemployment benefit obligation		(3,427)
Change in accrued interest		<u>11,227</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$	<u><u>1,154,390</u></u>

NOTE C - COMPLIANCE - DEFICIT FUND EQUITY

The following funds had a deficit balance at April 30, 2012:

Fund	Deficit
General Obligations 2008	\$ 45,037
Spring Lake Special Service Area - Debt Service Fund	17,764

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, 2012

**NOTE D - DEPOSITS AND INVESTMENTS (Continued)**

**1. Deposits and Investments**

The deposits and investments of the Police Pension Fund are 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 assets of \$2.5 million or more may invest up to 35% of plan net assets in a separate account of life insurance companies and mutual funds. If pension funds have net assets 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 assets in common and preferred stocks which meet specific restrictions.

As of April 30, 2012, the Village's cash and investments consisted of the following:

	Government - Wide	Fiduciary	Total
Cash and investments	\$ <u>14,971,257</u>	\$ <u>12,892,385</u>	\$ <u>27,863,642</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	10,920,443
Deposits with financial institutions - Police Pension Fund	1,602,407
Other investments - Village	4,050,040
Police Pension Fund - other investments	11,289,978
Total	\$ 27,863,642

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

1. Deposits and Investments (Continued)

As of April 30, 2012, the Village has the following investment in debt securities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(In Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Illinois Metropolitan Investment Trust	\$ 1,419,299	\$ 1,419,299	\$ -
Negotiable CD's	735,642	735,642	-
<b>Total</b>	<b>\$ 2,154,941</b>	<b>\$ 2,154,941</b>	<b>\$ -</b>

As of April 30, 2012, the Police Pension Fund has the following investment in debt securities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(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	\$ 3,053,245	\$ 75,323	\$ 103,536	\$ 308,553	\$ 2,565,833
U.S Treasury obligations	2,213,183	169,193	340,988	1,063,946	639,056
Corporate bonds	105,453	105,453	-	-	-
	<b>\$ 5,371,881</b>	<b>\$ 349,969</b>	<b>\$ 444,524</b>	<b>\$ 1,372,499</b>	<b>\$ 3,204,889</b>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

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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, 2012, 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 returned 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 returned 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, 2012

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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 2011 attached as an enforceable lien on January 1, 2011 on property values assessed as of the same date and are recorded as receivables and deferred revenue at April 30, 2012. The levy is intended to finance operations of the next fiscal year. Taxes are levied by December 2011 (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, 2011. The County collects such taxes and remits them periodically. The 2012 tax levy, which attached as an enforceable lien on property as of January 1, 2012, has not been recorded as a receivable as of April 30, 2012 as the tax has not yet been levied by the Village and will not be levied until December 2012 and, therefore, the levy is not measurable at April 30, 2012.

**Village of Itasca, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
April 30, 2012

NOTE E - RECEIVABLES (Continued)

2. Other

Other receivables consist of the following receivables at April 30, 2012.

Governmental activities		
Other miscellaneous receivables	\$	531,568
Hotel tax		105,233
Motor fuel tax		<u>16,791</u>
Total governmental activities	\$	<u><u>653,592</u></u>

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

1. Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ <u>40,134,622</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>40,134,622</u>
Total capital assets, not being depreciated	<u>40,134,622</u>	<u>-</u>	<u>-</u>	<u>40,134,622</u>
Capital assets, being depreciated				
Buildings and improvements	19,057,217	-	-	19,057,217
Machinery and equipment	673,455	140,375	-	813,830
Transportation equipment	1,396,337	166,644	49,093	1,513,888
Infrastructure	<u>109,695,183</u>	<u>-</u>	<u>-</u>	<u>109,695,183</u>
Total capital assets being depreciated	<u>130,822,192</u>	<u>307,019</u>	<u>49,093</u>	<u>131,080,118</u>
Less accumulated depreciation for:				
Buildings and improvements	5,000,091	269,132	-	5,269,223
Machinery and equipment	454,350	45,769	-	500,119
Transportation equipment	1,007,248	85,414	31,224	1,061,438
Infrastructure	<u>65,809,993</u>	<u>2,708,021</u>	<u>-</u>	<u>68,518,014</u>
Total accumulated depreciation	<u>72,271,682</u>	<u>3,108,336</u>	<u>31,224</u>	<u>75,348,794</u>
Total capital assets being depreciated, net	<u>58,550,510</u>	<u>(2,801,317)</u>	<u>17,869</u>	<u>55,731,324</u>
Governmental activities capital assets, net	<u>\$ 98,685,132</u>	<u>\$ (2,801,317)</u>	<u>\$ 17,869</u>	<u>\$ 95,865,946</u>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE F - CAPITAL ASSETS (Continued)

2. Business-Type Activities

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated				
Land and improvements	\$ 1,335,645	\$ -	\$ -	\$ 1,335,645
Construction in progress	35,253,190	5,041,644	40,294,834	-
Total capital assets, not being depreciated	36,588,835	5,041,644	40,294,834	1,335,645
Capital assets, being depreciated				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,484,790	-	-	1,484,790
Water and sewer system	22,082,360	41,190,538	-	63,272,898
Total capital assets being depreciated	24,067,317	41,190,538	-	65,257,855
Less accumulated depreciation for:				
Buildings and improvements	500,167	-	-	500,167
Equipment	1,087,528	67,717	-	1,155,245
Water and sewer system	15,301,314	1,230,597	-	16,531,911
Total accumulated depreciation	16,889,009	1,298,314	-	18,187,323
Total capital assets being depreciated, net	7,178,308	39,892,224	-	47,070,532
Business-type activities capital assets, net	\$ 43,767,143	\$ 44,933,868	\$ 40,294,834	\$ 48,406,177

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE F - CAPITAL ASSETS (Continued)

3. Component Unit - Library

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated				
Buildings and improvements	4,989,994	-	-	4,989,994
Equipment, furniture and fixtures	239,199	-	-	239,199
Books and audio visual material	23,715	1,246	-	24,961
Total capital assets, being depreciated	<u>5,252,908</u>	<u>1,246</u>	<u>-</u>	<u>5,254,154</u>
Less accumulated depreciation for:				
Buildings and improvements	1,268,856	125,077	-	1,393,933
Equipment, furniture and fixtures	174,651	11,276	-	185,927
Books and audio visual material	22,641	1,323	-	23,964
Total accumulated depreciation	<u>1,466,148</u>	<u>137,676</u>	<u>-</u>	<u>1,603,824</u>
Total capital assets, being depreciated, net	<u>3,786,760</u>	<u>(136,430)</u>	<u>-</u>	<u>3,650,330</u>
Total library capital assets, net	<u>\$ 3,786,760</u>	<u>\$ (136,430)</u>	<u>\$ -</u>	<u>\$ 3,650,330</u>

4. Depreciation Expense

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

Governmental activities:	
General government	\$ 145,775
Public safety	88,733
Community development	7,749
Public works	<u>2,866,079</u>
Total depreciation expense - governmental activities	<u>\$ 3,108,336</u>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE G - LONG-TERM DEBT

1. Changes in Long-Term Liabilities

Long-term liability activity for the year ended April 30, 2012, 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>
<b>General Obligation Bonds</b>							
Series 2008B	3.00% - 4.00%	12/15/2018	\$ 5,150,000	\$ -	\$ 575,000	\$ 4,575,000	\$ 595,000
Less deferred amounts:							
Series 2008B			(87,273)	-	(10,909)	(76,364)	(10,909)
			<u>5,062,727</u>	<u>-</u>	<u>564,091</u>	<u>4,498,636</u>	<u>584,091</u>
<b>General Obligation Certificates</b>							
Series 2002	3.70% - 4.50%	12/01/22	-	-	-	-	-
<b>General Fund Refunding Certificates</b>							
Series 2010	2% - 4%	12/1/22	6,530,000	-	450,000	6,080,000	460,000
Less deferred amounts							
Series 2010			290,769	-	24,231	266,538	24,231
			<u>6,820,769</u>	<u>-</u>	<u>474,231</u>	<u>6,346,538</u>	<u>484,231</u>
<b>Special Service Area Bonds</b>							
Series 2006		12/15/21	715,000	-	50,000	665,000	55,000
			<u>715,000</u>	<u>-</u>	<u>50,000</u>	<u>665,000</u>	<u>55,000</u>
Compensated absences payable			886,891	-	62,146	824,745	24,092
Net postemployment benefit obligation			10,410	3,427	-	13,837	-
<b>Total</b>			<u>\$ 13,495,797</u>	<u>\$ 3,427</u>	<u>\$ 1,150,468</u>	<u>\$ 12,348,756</u>	<u>\$ 1,147,414</u>

b. Primary Government - Business-Type Activities

General obligation Bonds Series 2009A	\$ 24,000,000	\$ -	\$ -	\$ 24,000,000	\$ -
Illinois EPA bonds	15,000,000	-	-	15,000,000	750,000
Compensated Absences Payable	142,853	157,034	142,853	157,034	-
<b>Total</b>	<u>\$ 39,142,853</u>	<u>\$ 157,034</u>	<u>\$ 142,853</u>	<u>\$ 39,157,034</u>	<u>\$ 750,000</u>

c. Component Unit - Governmental Activities

<b>General Obligation Bonds</b>							
Series 2008A	4.25% - 4.50%	12/15/2023	\$ 1,750,000	\$ -	\$ -	\$ 1,750,000	\$ -
Series 2008B	3.00% - 4.00%	12/15/2018	315,000	-	155,000	160,000	160,000
Mortgage payable	3.95%	5/20/2008	333,103	-	39,852	293,251	41,702
Compensated absences payable			16,586	-	-	16,586	-
Unamortized bond premium			69,596	-	5,353	64,243	-
Unamortized refunding loss			(12,189)	-	(937)	(11,252)	-
Net postemployment benefit obligation			1,696	568	-	2,264	-
<b>Total</b>			<u>\$ 2,473,792</u>	<u>\$ 568</u>	<u>\$ 199,268</u>	<u>\$ 2,275,092</u>	<u>\$ 201,702</u>

**Village of Itasca, Illinois**  
 NOTES TO THE FINANCIAL STATEMENTS  
 April 30, 2012

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			Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 1,860,000	\$ 1,837,796	\$ 3,697,796	\$ 201,702	\$ 93,001	\$ 294,703
2014	2,215,000	1,806,755	4,021,755	173,379	86,124	259,503
2015	2,265,000	1,754,709	4,019,709	180,124	78,854	258,978
2016	2,310,000	1,698,230	4,008,230	186,939	71,301	258,240
2017	2,385,000	1,636,612	4,021,612	193,827	63,463	257,290
2018-2022	10,620,000	7,194,716	17,814,716	887,280	201,032	1,088,312
2023-2027	7,165,000	5,958,666	13,123,666	380,000	25,875	405,875
2028-2032	7,740,000	5,044,950	12,784,950	-	-	-
2033-2037	9,220,000	3,185,430	12,405,430	-	-	-
2038-2039	4,540,000	426,560	4,966,560	-	-	-
	<u>\$ 50,320,000</u>	<u>\$ 30,544,424</u>	<u>\$ 80,864,424</u>	<u>\$ 2,203,251</u>	<u>\$ 619,650</u>	<u>\$ 2,822,901</u>

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE H - INTERFUND BALANCES AND TRANSFERS

Individual interfund balances at April 30, 2012 are shown as follows:

	Interfund Receivables	Interfund Payables
General Fund		
Capital Improvements 1998/1999 Fund	\$ 45,037	\$ -
Total General Fund	45,037	-
Debt Service Funds		
General Obligation 1998/1999 Fund		
General Fund	-	45,037
Total General Obligation 1998/1999 Fund	-	45,037
Spring Lake Special Service Area Fund - Debt Service		
Spring Lake SSA - Capital Projects	-	19,670
Total Debt Service Funds	-	64,707
Capital Projects Fund		
Spring Lake Special Service Area Capital Projects Fund		
Spring Lake Special Service Area Debt Service Fund	19,670	-
Total Capital Projects Funds	19,670	-
	\$ 64,707	\$ 64,707

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, 2012

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

Individual interfund transfers during the fiscal year ended April 30, 2012 were as follows:

	Transfers	
	In	Out
General Fund	\$ 280,975	\$ -
Hotel Tax Fund	-	280,975
Total transfers	\$ 280,975	\$ 280,975

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, 2012

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 Commssion, such obligation being unconditional and irrevocable whether or not water is delivered.

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

<u>Fiscal Year Ending April 30,</u>	<u>Amount</u>
2013	\$ 122,077
2014	122,077
2015	122,077
2016	<u>122,077</u>
	<u>\$ 488,308</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 DuPage Water 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.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

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.

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 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 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 2011 was 12.20% 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, 2011 was 30 years.

For the year ended April 30, 2012, the Village's annual pension cost of \$314,857 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2009 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)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 314,857	100	% \$ -
2011	307,689	100	-
2010	243,001	100	-

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

The funded status of the plan at April 30, 2012, based on actuarial valuations performed as of December 31, 2011 for the IMRF is as follows. The actuarial assumptions used to determine the employer APC of the Plans as disclosed above.

	Illinois Municipal Retirement
Actuarial Accrued Liability (AAL)	\$ 11,682,844
Actuarial Value of Plan Assets	8,789,917
Unfunded Actuarial Accrued Liability (UAAL)	2,892,927
Funded Ratio (Actuarial Value of Plan Assets/AAL)	75.24%
Covered Payroll (Active Plan Members)	3,188,179
UAAL as a Percentage of Covered Payroll	90.74%

See the schedule of funding progress in the required supplementary information immediately following the notes to 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, 2012 was \$1,877,990. At April 30, 2012, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	17
Current employees	
Vested	17
Nonvested	4
	4
Total	38

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

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NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

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 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 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 10 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 10 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. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change

*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, 2011. Significant assumptions used in the calculations include (a) 8% return on investments, (b) projected salary increases of 5% per year, and (c) 23-year amortization of unfunded liability.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

ANNUAL PENSION COST AND NET PENSION LIABILITY

Annual required contribution (ARC)	\$	621,324
Interest on net pension obligation		(11,426)
Adjustment to annual required contribution		<u>7,153</u>
Annual pension cost (APC)		617,051
Contributions made		<u>596,937</u>
Decrease in net pension obligation		20,114
Net pension obligation (asset)		
Beginning of year		<u>(142,826)</u>
End of year	\$	<u><u>(122,712)</u></u>

*Contributions*

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Actual Employer Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
4/30/10	\$ 502,722	103.1 %	\$ (154,606)
4/30/11	606,037	98.1	(142,826)
4/30/12	596,937	96.7	(122,712)

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	April 30, 2012
Actuarial cost method	Entry-age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	Market

Significant actuarial assumptions:

a) Investment rate of return	8.00% including inflation at 3.00%
b) Projected salary increases	5.00% 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, 2012

NOTE K - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Police Pension (Continued)

The funded status of the plan as of April 30, 2012, based on actuarial valuations performed as of April 30, 2012 for the Police Pension Plan is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed above.

	Police Pension
Actuarial Accrued Liability (AAL)	\$ 21,583,226
Actuarial Value of Plan Assets	12,922,072
Unfunded Actuarial Accrued Liability (UAAL)	8,661,154
Funded Ratio (Actuarial Value of Plan Assets/AAL)	59.9%
Covered Payroll (Active Plan Members)	1,877,990
UAAL as a Percentage of Covered Payroll	461.2%

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 POST-EMPLOYMENT BENEFITS

1. Plan Description

In addition to providing the pension benefits described, the Village provides post-employment 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, 2012

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NOTE L - OTHER POST-EMPLOYMENT 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>73</u>
Participating employers	<u>1</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 actuarial valuation was completed as of April 30, 2012. 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.

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

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 7,914	\$ 4,497	56.8 %	\$ 6,936
April 30, 2011	7,971	4,497	56.4	10,410
April 30, 2012	7,924	4,497	56.7	13,837

The net OPEB obligation as of April 30, 2012 was calculated as follows:

Annual required contribution	\$ 7,855
Interest on net OPEB obligation	416
Adjustment to annual required contribution	<u>(347)</u>
Annual OPEB cost	7,924
Contributions made	<u>4,497</u>
Increase (decrease) in net OPEB obligation	3,427
Net OPEB obligation beginning of year	<u>10,410</u>
<b>NET OPEB OBLIGATION END OF YEAR</b>	<b><u>\$ 13,837</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)	\$ 5,066,169
UAAL as a percentage of covered payroll	16.78%

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.

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.

**Village of Itasca, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2012

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NOTE L - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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 30 years.

NOTE M - SUBSEQUENT EVENTS

The Village entered into an agreement with the Illinois Department of Transportation to pay its share of the construction costs for improvements to Illinois Route 53, a state owned roadway. Subsequent to year end, the contract was awarded by the State and the Village received an invoice from the State requiring the Village to pay their first annual installment. The agreement requires the Village to pay installments of \$500,000 not prior to June 1, 2012, \$1,200,000 not prior to June 1, 2013, and the remaining actual amount of the contract not prior to June 1, 2014. The Village estimates the total of all installments to be \$2,874,830.

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

**Village of Itasca, Illinois**  
**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
April 30, 2012

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)
12/31/11	\$ 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	10,388,516	99.18	85,550	3,327,057	2.57
12/31/06	9,331,586	9,655,703	96.64	324,117	3,251,147	9.97

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$8,357,223. On a market basis, the funded ratio would be 71.53%.

See independent auditor's report

**Village of Itasca, Illinois**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
April 30, 2012

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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
2007	277,661	277,661	100

See independent auditor's report

**Village of Itasca, Illinois**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE PENSION FUND**  
April 30, 2012

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)
4/30/12	\$ 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
4/30/07	11,356,609	15,727,868	72.2	4,371,196	1,875,186	233.1

See independent auditor's report

**Village of Itasca, Illinois**  
**POLICE PENSION FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
April 30, 2012

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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
2007	388,050	369,220	105.1

See independent auditor's report

**Village of Itasca, Illinois**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
April 30, 2012

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)
4/30/12	\$ -	\$ 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, 2012

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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, 2012

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 2,058,067	\$ 2,040,362
Licenses	150,300	147,390
Building and other permits	406,100	559,764
Intergovernmental		
Sales	4,410,622	4,451,039
State income	783,000	701,984
Replacement	90,000	83,448
Local use	107,600	126,182
Telecommunications	1,050,000	1,309,400
Utility Tax	615,000	1,079,188
Food & Beverage Tax	150,000	140,971
Grants	133,660	57,932
Parking and other fees	137,500	130,679
Police fines and other receipts	407,500	431,769
Investment income	45,000	7,525
Miscellaneous	621,804	499,669
Total revenues	<u>11,166,153</u>	<u>11,767,302</u>
Expenditures		
Current		
General government		
Administrative	2,091,911	1,793,456
Nature center	286,856	264,033
Public safety	4,840,451	4,826,298
Community development	625,478	589,131
Public works	2,717,725	1,784,094
Debt service		
Principal	450,000	450,000
Interest and fiscal agent fees	243,428	243,428
Total expenditures	<u>11,255,849</u>	<u>9,950,440</u>
Excess (deficiency) of revenues over expenditures	(89,696)	1,816,862
Other financing sources (uses)		
Transfers in	<u>280,975</u>	<u>280,975</u>
Net change in fund balances	<u>\$ 191,279</u>	2,097,837
Fund balance at beginning of year		<u>3,913,893</u>
Fund balance at end of year		<u>\$ 6,011,730</u>

See independent auditor's report

**Village of Itasca, Illinois**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
April 30, 2012

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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, the Spring Lake Special Service Area debt service fund and enterprise funds.

**SUPPLEMENTAL INFORMATION**

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
 For the year ended April 30, 2012

	<u>Budget</u>	<u>Actual</u>
Administrative		
Salaries/stipends		
President	\$ 18,380	\$ 19,211
Trustees	26,500	15,000
Administrator	53,044	53,930
Clerk	1,040	-
Clerical	<u>152,639</u>	<u>149,534</u>
Total salaries/stipends	<u>251,603</u>	<u>237,675</u>
Payroll taxes		
FICA	18,778	18,443
Unemployment tax	2,042	1,435
IMRF	<u>29,946</u>	<u>28,976</u>
Total payroll taxes	<u>50,766</u>	<u>48,854</u>
Employee benefits		
Group insurance	77,499	90,749
Uniforms	<u>750</u>	<u>-</u>
Total employee benefits	<u>78,249</u>	<u>90,749</u>
Operating		
Gas heating/electric	32,000	23,227
Telephone	22,000	17,510
Postage	3,700	3,805
Publication legal notices	3,500	3,239
Codification	8,000	4,029
Operating supplies - general	5,750	6,426
Conferences	2,500	873
Office supplies	7,000	5,652
Physical	175	-
Training	2,000	953
Dues, subscriptions, and meetings	10,100	7,952
Rentals	3,000	2,340
Community relations	29,000	19,577
Software	13,000	12,640
Miscellaneous	<u>20,000</u>	<u>4,190</u>
Total operating	<u>161,725</u>	<u>112,413</u>

(Continued)

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
 For the year ended April 30, 2012

	<u>Budget</u>	<u>Actual</u>
Administrative (Continued)		
Repairs and maintenance		
Vehicles	\$ 3,800	\$ 3,287
Building	41,000	24,833
Total repairs and maintenance	<u>44,800</u>	<u>28,120</u>
Professional services		
Legal	353,930	231,185
Payroll	13,000	11,893
Audit	18,000	24,182
Newsletter	23,900	15,624
Janitorial	45,000	41,176
Consulting services	20,000	10,805
Other	63,000	31,535
Total professional services	<u>536,830</u>	<u>366,400</u>
Special services		
Village share - garbage	780,788	781,067
Boards and commissions		
Planning commission	10,000	5,532
Police commission	18,000	15,810
Historical commission	5,000	5,425
Total boards and commission	<u>33,000</u>	<u>26,767</u>
Grants		
Seniors	8,000	8,000
O'Hare western access	50,000	17,932
Total grants	<u>58,000</u>	<u>25,932</u>
Insurance		
Liability	29,000	16,995
Workers' compensation	3,000	3,340
Total insurance	<u>32,000</u>	<u>20,335</u>

(Continued)

# Village of Itasca, Illinois

## General Fund

### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the year ended April 30, 2012

	Budget	Actual
Administrative (Continued)		
Capital expenditures		
Equipment	\$ 64,150	\$ 55,144
Total capital expenditures	64,150	55,144
Total administrative	2,091,911	1,793,456
Public works		
Salaries/stipends		
Directors/supervisors	136,150	131,077
General labor	454,267	391,391
Clerical	31,146	29,626
Total salaries/stipends	621,563	552,094
Payroll taxes		
FICA	45,587	43,388
Unemployment tax	2,000	2,473
IMRF	65,973	66,063
Total payroll taxes	113,560	111,924
Employee benefits		
Group insurance	137,702	141,430
Uniforms	5,000	2,814
Total employee benefits	142,702	144,244
Operating		
Electricity	65,000	69,183
Gas heating	8,000	16,078
Telephone	12,000	11,532
Postage	200	206
Conferences	1,000	-
Operating supplies - general	10,000	6,458
Motor fuel and lubrication	30,000	31,707
Office supplies	2,000	1,946
Training	3,000	771
Dues, subscriptions, and meetings	1,400	1,011
Rentals	10,000	252

(Continued)

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
 For the year ended April 30, 2012

	Budget	Actual
Public works (Continued)		
Operating (Continued)		
Employee physicals	\$ 1,250	\$ 1,045
Rubbish removal	5,000	1,045
Streets - bulk materials	10,000	9,456
Total operating	<u>158,850</u>	<u>150,690</u>
Repairs and maintenance		
Vehicles	35,000	34,965
Building	30,000	20,244
Equipment	23,500	13,918
Street lights	50,000	49,507
Parking lots	5,000	6,151
Storm sewers	20,000	40,488
Parkways and parks	45,000	25,528
Street signs	10,000	6,353
Other repairs and maintenance	171,850	107,483
Total repairs and maintenance	<u>390,350</u>	<u>304,637</u>
Professional services		
Engineering	55,000	2,261
Total professional services	<u>55,000</u>	<u>2,261</u>
Special services		
Veterinary and animal control	1,200	990
Mosquito abatement	60,000	62,289
Snow removal	100,000	78,587
Branch contract	35,000	41,800
Lawn maintenance	8,000	7,655
Tree trimming	59,500	54,515
Tree planting	10,000	209
Traffic signals	25,000	12,848
Total special services	<u>298,700</u>	<u>258,893</u>
Insurance		
Liability	30,000	25,622
Workers' compensation	50,000	58,106
Total insurance	<u>80,000</u>	<u>83,728</u>

(Continued)

**Village of Itasca, Illinois**  
 General Fund  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
For the year ended April 30, 2012

	<u>Budget</u>	<u>Actual</u>
Public works (Continued)		
Capital expenditures		
Vehicles	\$ 100,000	\$ 38,563
Streets (not MFT)	697,000	96,644
Sidewalks	50,000	30,552
Downtown beautification	10,000	9,864
Total capital expenditures	<u>857,000</u>	<u>175,623</u>
Total public works	<u>2,717,725</u>	<u>1,784,094</u>
Nature center		
Salaries/stipends		
General labor	118,028	94,887
Total salaries/stipends	<u>118,028</u>	<u>94,887</u>
Payroll taxes		
FICA	2,899	5,127
Unemployment tax	219	101
IMRF	3,105	6,897
Total payroll taxes	<u>6,223</u>	<u>12,125</u>
Employee benefits		
Group insurance	6,604	9,433
Total employee benefits	<u>6,604</u>	<u>9,433</u>
Operating		
Gas heating	3,000	1,811
Telephone	14,196	2,853
Postage	100	50
Operating supplies - general	4,000	2,139
Office supplies	100	194
Dues, subscriptions, and meetings	950	390
Rentals	100	217
Program supplies	1,250	330
Total operating	<u>23,696</u>	<u>7,984</u>

(Continued)

# Village of Itasca, Illinois

## General Fund

### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the year ended April 30, 2012

	<u>Budget</u>	<u>Actual</u>
Nature center (Continued)		
Repair and maintenance		
Vehicles	\$ 250	\$ 761
Structures	123,730	122,743
Total repairs and maintenance	<u>123,980</u>	<u>123,504</u>
Professional services		
Janitorial	7,000	7,682
Other services	-	-
Total professional services	<u>7,000</u>	<u>7,682</u>
Insurance		
Liability	1,000	7,789
Workers' compensation	325	629
Total insurance	<u>1,325</u>	<u>8,418</u>
Total nature center	<u>286,856</u>	<u>264,033</u>
Community development		
Salaries/stipends		
Building commissioner	108,472	107,894
Building inspector	109,984	122,528
Clerical	45,946	45,883
Total salaries/stipends	<u>264,402</u>	<u>276,305</u>
Payroll taxes		
FICA	27,126	22,806
Unemployment tax	1,000	1,161
IMRF	30,000	33,159
Total payroll taxes	<u>58,126</u>	<u>57,126</u>

(Continued)

# Village of Itasca, Illinois

## General Fund

### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the year ended April 30, 2012

	<u>Budget</u>	<u>Actual</u>
Community development (Continued)		
Employee benefits		
Group insurance	\$ 50,000	\$ 50,592
Total employee benefits	<u>50,000</u>	<u>50,592</u>
Operating		
Telephone	15,000	15,903
Postage	1,000	925
Publication legal notices	1,000	983
Operating supplies - general	4,000	4,067
Motor fuel and lubrication	1,500	2,028
Office supplies	5,000	3,699
Training	1,500	1,411
Dues, subscriptions, and meetings	2,300	1,953
Operating software	1,800	2,004
Other	1,050	-
Total operating	<u>34,150</u>	<u>32,973</u>
Repairs and maintenance		
Vehicles	1,500	1,187
Buildings	2,000	2,748
Equipment	-	203
Total repairs and maintenance	<u>3,500</u>	<u>4,138</u>
Professional services		
Engineering	50,000	46,676
Inspections	35,000	42,321
Plan review	6,000	7,072
GIS mapping	5,000	2,900
Consulting	5,000	1,680
Other professional services	500	156
Planning	103,800	55,386
Total professional services	<u>205,300</u>	<u>156,191</u>

(Continued)

# Village of Itasca, Illinois

## General Fund

### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the year ended April 30, 2012

	Budget	Actual
Community development (Continued)		
Insurance		
Liability	\$ 5,000	\$ 4,215
Workers' compensation	5,000	7,591
Total insurance	10,000	11,806
Total community development	625,478	589,131
Police department		
Salaries/stipends		
Police chief	106,792	108,774
Police officers	1,985,461	2,024,232
Clerk/dispatchers	508,688	499,135
Clerk/dispatchers overtime	7,000	4,493
Police overtime	110,000	67,940
Police court time	55,000	57,285
Total salaries/stipends	2,772,941	2,761,859
Payroll taxes		
FICA	213,722	207,801
Unemployment tax	11,015	7,727
IMRF	54,543	50,734
Total payroll taxes	279,280	266,262
Employee benefits		
Group insurance	560,709	593,451
Uniforms	13,650	13,819
Pension contribution	585,634	582,810
Total employee benefits	1,159,993	1,190,080
Operating		
Telephone	23,000	21,644
Postage	1,500	1,514
Operating supplies - general	1,500	1,466
Motor fuel and lubrication	36,300	51,650
Office supplies	12,000	8,337
Court, meetings, local, and miscellaneous	2,500	3,824
Dues, subscriptions, and meetings	4,800	3,366
Training	9,000	5,901
Shooting expenditure	12,620	12,475
Evidence	2,250	2,481
D.A.R.E.	18,110	18,680

(Continued)

## Village of Itasca, Illinois

### General Fund

#### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the year ended April 30, 2012

	Budget	Actual
Police department (Continued)		
Operating (Continued)		
Crime prevention	\$ 4,150	\$ 2,486
DUI technology	17,972	13,907
Volunteer	8,815	4,080
Other operating expenditures	1,300	944
Total operating	155,817	152,755
Repairs and maintenance		
Vehicles	60,000	51,080
Hand-held equipment	4,000	2,885
Equipment	41,200	28,442
Building maintenance	39,000	17,175
Total repairs and maintenance	144,200	99,582
Professional services		
Prosecution cost	81,000	80,231
Police social services	29,910	23,645
Software	2,500	1,229
Hardware	1,500	-
Total professional services	114,910	105,105
Insurance		
Liability	60,000	48,478
Workers' compensation	69,213	53,781
Total insurance	129,213	102,259
Capital expenditures		
Vehicles	62,097	128,396
Equipment	22,000	20,000
Total capital expenditures	84,097	148,396
Total police department	4,840,451	4,826,298
Debt Service		
Principal	450,000	450,000
Interest and fiscal agents	243,428	243,428
Total Debt Service	693,428	693,428
Total expenditures	\$ 11,255,849	\$ 9,950,440

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, 2012

	Budget	Actual
Revenues		
Property taxes	\$ 762,888	\$ 766,874
Investment income	<u>          -</u>	<u>          567</u>
	<u>762,888</u>	<u>767,441</u>
Expenditures		
Debt service		
Principal	575,000	575,000
Interest	187,887	187,888
Bond agent fees	<u>          375</u>	<u>          374</u>
Total expenditures	<u>763,262</u>	<u>763,262</u>
Net change in fund balance	\$ <u><u>          (374)</u></u>	4,179
Fund balance (deficit) at beginning of year		<u>(49,216)</u>
Fund balance (deficit) at end of year		\$ <u><u>          (45,037)</u></u>

See independent auditor's report.

**Village of Itasca, Illinois**  
 Nonmajor Governmental Funds  
 COMBINING BALANCE SHEET  
April 30, 2012

	Special Revenue		Debt Service
	Motor Fuel Tax	Hotel Tax	Spring Lake Special Service Area
<u>ASSETS</u>			
Cash and investments	\$ 180,546	\$ 1,183,969	\$ 1,906
Receivables			
Property taxes	-	-	87,375
Other	16,791	105,233	-
Due from other funds	-	-	-
Total assets	\$ 197,337	\$ 1,289,202	\$ 89,281
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	19,670
Deferred property taxes	-	-	87,375
Total liabilities	-	-	107,045
<u>FUND BALANCE</u>			
Restricted			
Debt Service	-	-	-
Highway and streets	197,337	-	-
Tourism	-	1,289,202	-
Special service areas	-	-	-
Unrestricted			
Unassigned	-	-	(17,764)
Total fund balance (deficit)	197,337	1,289,202	(17,764)
Total liabilities and fund balance	\$ 197,337	\$ 1,289,202	\$ 89,281

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	\$ 328,103	\$ 665,313	\$ 462,301	\$ 2,967,113
-	-	-	-	-	87,375
-	-	-	-	-	122,024
-	-	19,670	-	-	19,670
<u>\$ 45,722</u>	<u>\$ 99,253</u>	<u>\$ 347,773</u>	<u>\$ 665,313</u>	<u>\$ 462,301</u>	<u>\$ 3,196,182</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	19,670
-	-	-	-	-	87,375
-	-	-	-	-	107,045
45,722	99,253	-	-	-	144,975
-	-	-	-	-	197,337
-	-	-	-	-	1,289,202
-	-	347,773	665,313	462,301	1,475,387
-	-	-	-	-	(17,764)
<u>45,722</u>	<u>99,253</u>	<u>347,773</u>	<u>665,313</u>	<u>462,301</u>	<u>3,089,137</u>
<u>\$ 45,722</u>	<u>\$ 99,253</u>	<u>\$ 347,773</u>	<u>\$ 665,313</u>	<u>\$ 462,301</u>	<u>\$ 3,196,182</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, 2012

	<u>Special Revenue</u>		<u>Debt Service</u>
	<u>Motor Fuel Tax</u>	<u>Hotel Tax</u>	<u>Spring Lake Special Service Area</u>
Revenues			
Property taxes	\$ -	\$ -	\$ 85,480
Hotel tax	-	1,042,657	-
Operating grants	248,220	-	-
High growth cities program	4,262	-	-
Investment income	403	2,211	57
	<u>252,885</u>	<u>1,044,868</u>	<u>85,537</u>
Total revenues			
Expenditures			
General government	-	478,019	-
Debt service			
Principal	-	-	50,000
Interest	-	-	34,624
Capital outlay			
Streets and highways	<u>371,040</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>371,040</u>	<u>478,019</u>	<u>84,624</u>
Excess (deficiency) of revenues over expenditures	(118,155)	566,849	913
Other financing sources (uses)			
Transfers (out)	<u>-</u>	<u>(280,975)</u>	<u>-</u>
Net change in fund balances	(118,155)	285,874	913
Fund balance (deficit) at beginning of year	<u>315,492</u>	<u>1,003,328</u>	<u>(18,677)</u>
Fund balance (deficit) at end of year	<u>\$ 197,337</u>	<u>\$ 1,289,202</u>	<u>\$ (17,764)</u>

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	
\$ (1,043)	\$ -	\$ -	\$ -	\$ -	\$ 84,437
-	-	-	-	-	1,042,657
-	-	-	-	-	248,220
-	-	-	-	-	4,262
-	-	715	3,223	1,895	8,504
(1,043)	-	715	3,223	1,895	1,388,080
-	-	-	-	-	478,019
-	-	-	-	-	50,000
-	-	-	-	-	34,624
-	-	-	-	-	371,040
-	-	-	-	-	933,683
(1,043)	-	715	3,223	1,895	454,397
-	-	-	-	-	(280,975)
(1,043)	-	715	3,223	1,895	173,422
46,765	99,253	347,058	662,090	460,406	2,915,715
\$ 45,722	\$ 99,253	\$ 347,773	\$ 665,313	\$ 462,301	\$ 3,089,137

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, 2012

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	<u>Budget</u>	<u>Actual</u>
Revenues		
Intergovernmental allotments - operating grants	\$ 240,000	\$ 248,220
High growth cities program	5,000	4,262
Investment income	<u>800</u>	<u>403</u>
Total revenues	245,800	252,885
Expenditures		
Streets and highways	<u>240,000</u>	<u>371,040</u>
Net change in fund balance	<u>\$ 5,800</u>	(118,155)
Fund balance at beginning of year		<u>315,492</u>
Fund balance at end of year		<u>\$ 197,337</u>

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, 2012

	<u>Budget</u>	<u>Actual</u>
Revenues		
Hotel tax	\$ 980,000	\$ 1,042,657
Investment income	5,000	2,211
Total revenues	<u>985,000</u>	<u>1,044,868</u>
Expenditures		
General government		
Police Overtime	75,000	51,284
Operation staff	20,000	21,650
Public relations	379,207	340,453
Marketing	65,000	64,632
Total expenditures	<u>539,207</u>	<u>478,019</u>
Excess (deficiency) of revenues over expenditures	445,793	566,849
Other financing sources (uses)		
Transfers (out)	<u>(280,975)</u>	<u>(280,975)</u>
Net change in fund balance	<u>\$ 164,818</u>	285,874
Fund balance at beginning of year		<u>1,003,328</u>
Fund balance at end of year		<u>\$ 1,289,202</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, 2012

	Budget	Actual
Revenues		
Property taxes	\$ 84,625	\$ 85,480
Interest earned	-	57
	84,625	85,537
Total revenues	84,625	85,537
Expenditures		
Debt service		
Principal	50,000	50,000
Interest	34,624	34,624
	84,624	84,624
Total expenditures	84,624	84,624
Net change in fund balance	\$ 1	913
Fund balance (deficit) at beginning of year		(18,677)
Fund balance (deficit) at end of year		\$ (17,764)

See independent auditor's report

**Village of Itasca, Illinois**  
Water and Sewer Fund  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
For the year ended April 30, 2012

	Budget	Actual
Operating revenues		
Charges for services		
Water fees	\$ 2,401,745	\$ 2,388,132
Sewer fees	2,626,560	2,510,503
Other revenues	114,404	173,003
Total operating revenues	5,142,709	5,071,638
Operating expenses excluding depreciation		
Salaries/stipends	1,161,554	1,101,896
Payroll taxes	193,862	213,764
Employee benefits	200,590	208,596
General operating	1,672,532	1,637,940
Repairs and maintenance	544,500	187,365
Professional services	206,000	213,165
Special services	110,000	99,512
Insurance	70,000	56,639
Capital	872,000	51,660
Total operating expenses	5,031,038	3,770,537
Operating income (loss) before depreciation and amortization	111,671	1,301,101
Depreciation and amortization	-	1,304,655
Operating income (loss)	111,671	(3,554)
Nonoperating revenue & expense		
Investment income	50,000	84,955
Bond stimulus payment	490,778	490,777
Interest expense	(1,402,584)	(1,402,584)
Total nonoperating revenue	(861,806)	(826,852)
Change in net assets	\$ (750,135)	(830,406)
Net assets - at beginning of year		14,422,868
Net assets - at end of year		\$ 14,592,462

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, 2012**

	<u>Budget</u>	<u>Actual</u>
Operating expenses		
Salaries and stipends		
President	\$ 13,600	\$ 13,652
Trustees	15,300	15,000
Clerk	-	-
Treasurer	560	-
Clerical	120,396	123,220
Directors/superintendents	234,840	227,313
Operations staff	600,582	623,336
Overtime	91,624	39,467
Administrator	84,652	59,908
Total salaries and stipends	<u>1,161,554</u>	<u>1,101,896</u>
Payroll taxes		
FICA	86,768	80,603
Unemployment taxes	5,226	4,133
IMRF	101,868	129,028
Total payroll taxes	<u>193,862</u>	<u>213,764</u>
Employee benefits		
Group insurance	194,500	202,607
Uniforms	6,090	5,989
Total employee benefits	<u>200,590</u>	<u>208,596</u>
General operating		
Gas heat	12,000	2,811
Electricity	293,500	287,655
Telephone	15,000	15,684
Postage	12,000	12,256
Publication legal notices	2,500	-
Supplies - general	5,500	9,027
Supplies - office	4,000	4,759
Supplies - sewer treatment	72,078	84,422
Supplies - water treatment	3,000	4,634
Motor fuel and lubrication	29,000	29,155
Conferences	5,000	1,287
Dues, subscriptions, and meetings	5,800	3,654
Training	5,000	1,013
Rentals	2,700	577

(Continued)

**Village of Itasca, Illinois**

**Water and Sewer Fund**

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

For the year ended April 30, 2012

	<u>Budget</u>	<u>Actual</u>
Operating expenses (Continued)		
General operating (Continued)		
Employee physicals	\$ 1,400	\$ 729
Rubbish removal	37,000	18,783
Water meters	12,000	1,833
Safety program	10,000	-
Lab tests pretreatment	6,000	4,249
Operating software	8,500	3,340
Hardware	4,500	-
Other operating expenses	1,000	281
DuPage Water Commission	<u>1,125,054</u>	<u>1,151,791</u>
Total general operating	<u>1,672,532</u>	<u>1,637,940</u>
Repairs and maintenance		
Vehicles	12,000	12,229
Equipment	20,500	5,753
Bulk material	15,000	9,781
Structures	22,500	17,302
Wells	10,000	4,581
Treatment plant	90,000	47,258
Lift stations	22,500	11,680
Sanitary sewers	250,000	24,991
Water systems	90,000	44,549
Meter repair	<u>12,000</u>	<u>9,241</u>
Total repairs and maintenance	<u>544,500</u>	<u>187,365</u>
Professional services		
Legal	40,000	37,587
Engineering	88,000	92,651
Accounting	30,000	31,462
Payroll	2,000	2,959
Audit	25,000	28,970
Janitorial	16,000	15,536
Other services	<u>5,000</u>	<u>4,000</u>
Total professional services	<u>206,000</u>	<u>213,165</u>

(Continued)

**Village of Itasca, Illinois**  
**Water and Sewer Fund**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)**  
For the year ended April 30, 2012

	Budget	Actual
Operating expenses (Continued)		
Special services		
Sludge removal	\$ 60,000	\$ 14,454
Industrial pre-treatment	50,000	85,058
Total special services	110,000	99,512
Insurance		
Liability	40,000	22,279
Workers' compensation	30,000	34,360
Total insurance	70,000	56,639
Capital expenses - equipment	872,000	959,232
Less expenses capitalized	-	(907,572)
Net capital expenses	872,000	51,660
Total operating expenses	\$ 5,031,038	\$ 3,770,537

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, 2012

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
2013	\$ 595,000	\$ 169,200	\$ 764,200	2012	\$ 84,600	2012	\$ 84,600
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>\$ 4,575,000</u>	<u>\$ 726,488</u>	<u>\$ 5,301,488</u>		<u>\$ 363,244</u>		<u>\$ 363,244</u>

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**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010**  
April 30, 2012

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
2013	\$ 460,000	\$ 234,000	\$ 694,000	2012	\$ 117,000	2012	\$ 117,000
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>\$ 6,080,000</u>	<u>\$ 1,542,800</u>	<u>\$ 7,622,800</u>		<u>\$ 771,400</u>		<u>\$ 771,400</u>

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**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**SPECIAL SERVICE AREA BONDS, SERIES 2006**  
April 30, 2012

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
2013	\$ 55,000	\$ 32,376	\$ 87,376	2012	\$ 16,188	2012	\$ 16,188
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>\$ 665,000</u>	<u>\$ 193,740</u>	<u>\$ 858,740</u>		<u>\$ 96,870</u>		<u>\$ 96,870</u>

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**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2008A - LIBRARY**  
April 30, 2012

Date of Issue	May 15, 2008
Date of Maturity	December 15, 2023
Authorized Issue	\$ 1,750,000
Denomination of Bonds	\$ 5,000
Interest Rates	4.25% - 4.5%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York Trust Company

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending	Requirements			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2013	\$ -	\$ 77,000	\$ 77,000	2012	\$ 38,500	2012	\$ 38,500
2014	130,000	77,000	207,000	2013	38,500	2013	38,500
2015	135,000	71,476	206,476	2014	35,738	2014	35,738
2016	140,000	65,738	205,738	2015	32,869	2015	32,869
2017	145,000	59,787	204,787	2016	29,893	2016	29,894
2018	150,000	53,625	203,625	2017	26,812	2017	26,813
2019	155,000	47,250	202,250	2018	23,625	2018	23,625
2020	165,000	40,275	205,275	2019	20,138	2019	20,137
2021	170,000	32,850	202,850	2020	16,425	2020	16,425
2022	180,000	25,200	205,200	2021	12,600	2021	12,600
2023	185,000	17,100	202,100	2022	8,550	2022	8,550
2024	195,000	8,775	203,775	2023	4,387	2023	4,388
	<u>\$ 1,750,000</u>	<u>\$ 803,837</u>	<u>\$ 2,553,837</u>		<u>\$ 400,298</u>		<u>\$ 403,539</u>

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**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2008B - LIBRARY PORTION**  
April 30, 2012

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Date of Issue	May 15, 2008
Date of Maturity	December 15, 2012
Authorized Issue	\$ 765,000
Denomination of Bonds	\$ 5,000
Interest Rates	3.00% - 3.25%
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
2013	\$ 160,000	\$ 5,200	\$ 165,200	2012	\$ 2,600	2012	\$ 2,600
	<u>\$ 160,000</u>	<u>\$ 5,200</u>	<u>\$ 165,200</u>		<u>\$ 2,600</u>		<u>\$ 2,600</u>

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**Village of Itasca, Illinois**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION CERTIFICATES, SERIES 2009A**  
April 30, 2012

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
2013	\$ -	\$ 1,402,220	\$ 1,402,220	2013	\$ 701,110	2012	\$ 701,110
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>\$ 28,081,396</u>	<u>\$ 52,081,396</u>		<u>\$ 14,040,698</u>		<u>\$ 14,040,698</u>

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**Village of Itasca, Illinois**  
**SCHEDULE OF INSURANCE IN FORCE**  
April 30, 2012

Type of Coverage	Amount of Coverage	Expiration Date	Insurance Company
Commercial Property		5/1/2012	Federal Insurance Company
Building and Contents	\$29,101,149		
Business Income Including Extra Expense	562,380		
Monies and Securities	50,000		
General Liability		5/1/2012	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		5/1/2012	American Automobile
Liability	1,000,000		
Personal Injury Protection	N/A		
Uninsured Motorist	1,000,000		
Underinsured Motorist	1,000,000		
Umbrella		5/1/2012	American Alternative Ins. Co.
Liability	9,000,000		
Annual Aggregate	9,000,000		
Retained Limit	10,000		
Workers' Compensation		12/15/2012	Illinois Public Risk Fund
Each Accident	2,500,000		
Disease - Policy Limit	2,500,000		
Disease - Each Employee	2,500,000		
Law Enforcement Liability		5/1/2012	Clarendon Insurance Co.
Annual Aggregate	3,000,000		
Each Person/Each Wrongful Act	1,000,000		
Public Officials' and Employment Liability		5/1/2012	Clarendon Insurance Co.
Annual Aggregate	3,000,000		
Each Wrongful Act	1,000,000		

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## Village of Itasca, Illinois

### SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, AND TAX EXTENSIONS

April 30, 2012

	2011	2010
Residential	\$ 273,668,733	\$ 314,640,341
Farms	9,896	8,995
Commercial	156,950,010	169,290,760
Industrial	186,755,430	186,121,655
	\$ 617,384,069	\$ 670,061,751

Levy	2011		2010	
	Rate Extended	Taxes Extended	Rate Extended	Taxes Extended
Corporate	0.1814	\$ 1,303,915	0.1814	\$ 1,215,492
Bond and interest	0.1150	772,347	0.1150	770,571
Police pension	0.0874	537,742	0.0874	585,634
Public benefit	0.0050	34,574	0.0050	33,503
Playground and recreation	-	-	-	-
Total before library	0.3888	2,648,578	0.3888	2,605,200
Library	0.1578	1,072,396	0.1578	1,057,358
Audit	0.0007	3,089	0.0007	4,690
Liability insurance	0.0007	2,469	0.0007	4,690
Social security	0.0067	68,530	0.0067	44,894
Building/maintenance	0.0200	119,155	0.0200	134,012
IMRF	0.0092	58,651	0.0092	61,646
Bond and interest	0.0366	245,101	0.0366	245,243
Unemployment insurance	0.0004	3,087	0.0004	2,680
Workers' compensation	0.0007	1,234	0.0007	4,690
Total library	0.2328	1,573,712	0.2328	1,559,903
	0.6216	\$ 4,222,290	0.6216	\$ 4,165,103

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 2010 and 2011 were \$84,625 and \$87,375, respectively.

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# Village of Itasca, Illinois

## LEGAL DEBT MARGIN

April 30, 2012

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Assessed Valuation - 2011	\$ <u>617,384,069</u>
Legal Debt Limit - 8.625% of Assessed Valuation	\$ 53,249,376
Amount of Debt Applicable to Debt Limit	
Village's general obligation debt	10,655,000
Library's general obligation debt	<u>1,910,000</u>
Legal Debt Margin	\$ <u>40,684,376</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."